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Trial

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK
3 -----x

4 UNITED STATES OF AMERICA,

5 v.

14 Cr. 68 (KBF)

6 ROSS WILLIAM ULBRICHT,

7 Defendant.
-----x

8 New York, N.Y.
9 January 14, 2015
10 9:20 a.m.

11 Before:

12 HON. KATHERINE B. FORREST,

13 District Judge

14 APPEARANCES

15 PREET BHARARA,
16 United States Attorney for the
17 Southern District of New York
18 BY: SERRIN A. TURNER
19 TIMOTHY HOWARD
20 Assistant United States Attorneys

21 JOSHUA LEWIS DRATEL
22 LINDSAY LEWIS
23 JOSHUA HOROWITZ
24 Attorneys for Defendant

25 - also present -

Special Agent Vincent D'Agostino
Molly Rosen, Government Paralegal
Nicholas Evert, Government Paralegal
Sharon Kim, Government Legal Intern

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1 (In open court; jury not present)

2 THE DEPUTY CLERK: Continuation of the matter now on
3 trial, United States of America v. Ross William Ulbricht.

4 Counsel, state your names for the record.

5 MR. TURNER: Serrin Turner for the government. With
6 me at counsel table is Timothy Howard and Nicholas Evert, a
7 paralegal from our office, as well as Molly Rosen, another
8 paralegal.

9 THE COURT: Thank you. Who is the person at the very
10 far end?

11 MR. TURNER: I'm sorry. That's an intern from our
12 office, Sharon Kim.

13 THE COURT: Thank you. Good morning.

14 MR. DRATEL: Joshua Dratel for Ross Ulbricht standing
15 next to me, also Lindsay Lewis from my office and Joshua
16 Horowitz is counsel as well.

17 THE COURT: Good morning.

18 I have a couple of things to go over with you folks
19 and then if you have any items that you want to raise, we'll
20 take those up. One is, I wanted to make sure that everybody is
21 okay with the position of the podium. I know that, Mr. Turner,
22 in the middle of -- or at the very commencement of your direct
23 yesterday, I had you move it back so that really jurors nos. 5
24 and 6 could have a clear view. I didn't know if you felt that
25 setting up in that way somehow caused any concern in terms of

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1 your voice carrying or anything else.

2 MR. TURNER: No, your Honor.

3 THE COURT: Terrific.

4 In terms of the protests and/or people being outside
5 in the front, there is nothing. As I understand it, it's empty
6 out front in terms of that. There's just the normal morning
7 traffic.

8 Does anybody have any other information?

9 MR. TURNER: No, your Honor.

10 THE COURT: Mr. Dratel?

11 MR. DRATEL: No, your Honor.

12 THE COURT: Terrific. Hopefully, that will be behind
13 us.

14 In terms of the schedule, as you folks know, we don't
15 sit on Fridays. I forgot to mention that to the jury
16 yesterday, and I will do that this morning. Has there been any
17 confusion on counsels' part as to that schedule?

18 MR. TURNER: No, your Honor.

19 MR. DRATEL: No.

20 THE COURT: I'll go ahead and mention that to the jury
21 and make sure that they understand: No trial on Friday.

22 In terms of the defense, obviously, Mr. Dratel, you
23 don't have to preview any evidence at all. It's not your
24 burden. But I did note, just in terms in timing, that you
25 hadn't previewed the names or even, generally speaking, the

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1 identity of any particular type of witness, whether there's
2 going to be a computer expert, for instance. And for my
3 planning purposes, we don't have to say anything to the jury.
4 I'm wondering if there's somebody that you know of who is going
5 to take up at least a week of time. I don't need to know who
6 they are, but what are you predicting that point?

7 MR. DRATEL: Obviously, without seeing the rest of the
8 government's case as to whether we'll even call some people
9 because I may get them all done through the government's
10 witnesses, --

11 THE COURT: Yes.

12 MR. DRATEL: -- but I think that right now, we're
13 looking at probably a defense case even -- my estimate right
14 now, it's very rough, is probably three or four at the most.

15 THE COURT: Days?

16 MR. DRATEL: Yes. That's probably the most.

17 THE COURT: That's fine. I do understand it's fluid.

18 MR. DRATEL: Depending on when we get done. It could
19 be two or one depending on when we get done with the
20 government's case.

21 THE COURT: I understand it's fluid. Most of it will
22 depend on what happens in what's to come with the government's
23 case, so you're by no means held to that. I'm just trying to
24 get a sense of whether or not you had a computer expert in your
25 pocket who you were thinking of having on the stand for a week,

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1 in which case, I just wanted to know that.

2 MR. TURNER: May I speak to that briefly. The defense
3 is required to give us notice of any expert they plan to use
4 and we have asked for any such notice. None has been given.
5 So if any expert is sprung on us at the last minute, we will
6 object for lack of notice.

7 THE COURT: I assume you folks are giving each other
8 all of the required notices that are necessary. I had just
9 noted yesterday during the opening that there hadn't been a
10 preview of anything in particular, but nor is the defendant
11 required to do so.

12 MR. DRATEL: Yes. And we'll provide, as soon as I
13 have a firm intention to call a witness, we will provide it.
14 If it's an expert, we'll do it at the earliest possible rather
15 than at the latest.

16 THE COURT: Terrific. Thank you. Then, did you,
17 Mr. Dratel, want me to give the jury an instruction on ladies
18 and gentlemen, you'll note that there are objections and there
19 will be objections by counsel for both the government and the
20 defendant from time to time, that's perfectly appropriate,
21 indeed that's expected and that's counsel doing their job and
22 you should draw no inference from the fact of objections or the
23 Court's rulings?

24 MR. DRATEL: I have written something up but you just
25 covered it.

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1 THE COURT: If you have a script, I'm happy to take it
2 to make sure I cover whatever wording you prefer. Let me just
3 read what you've got and see if the government has any
4 comments.

5 MR. DRATEL: Mine might be a little long.

6 THE COURT: This won't take more than 30 seconds to
7 do.

8 MR. DRATEL: Okay.

9 THE COURT: I'm happy to do this.

10 Mr. Turner.

11 MR. TURNER: I have no objection to the language.

12 THE COURT: I will use your language, Mr. Dratel.

13 MR. DRATEL: Thank you.

14 THE COURT: I'll do that at the beginning. And then
15 lastly, I just wanted to comment, as you folks know, we spoke a
16 little bit pretrial about the fact that this case may involve
17 varying amounts of technology. As you heard during the voir
18 dire process, I told the jury they don't have to be experts in
19 technology. They'll be provided with whatever evidence there
20 is that they need to make a decision based on one way or the
21 other during the trial.

22 I did suggest to you folks that a glossary would be
23 helpful or something like that. I understand you have not been
24 able to reach an agreement, and so be it. In a criminal case,
25 I am not going to try to come up with something or impose

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1 something.

2 I do want to note that to the extent the government
3 has a view about the clarity of yesterday, I think what came
4 out is that there's something called a tor browser. What that
5 is I think is mumbo jumbo to most people on the jury right now.
6 I think they understand there's a tor browser and another
7 browser and they're different, and that tor is associated with
8 Silk Road, but I think that that's about all that came out.

9 So in terms of -- that will be up for the jury to
10 decide. They may have heard it differently, but in terms of
11 clarity, I do think clarity of the evidence is important here.
12 The jury I do think needs to understand things. I wanted to
13 give you a sense that there still is room for clarity.

14 MR. TURNER: Okay. What we hoped to convey is that it
15 also hides the IP address of the user; in our view, that's
16 really the essence of what they need to understand. We're not
17 seeking to try to provide a seminar on how tor works. We don't
18 think it's really necessary, but I think the point is, it hides
19 an IP address and, therefore, allows people to anonymize their
20 identities and their locations. That's really all we're trying
21 to get across.

22 THE COURT: How ever you choose to put on the evidence
23 and whatever points you think are most important is entirely up
24 to you. I wanted to let you know that sometimes when you're
25 living and breathing a case for so very long and you try to

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1 reduce it down to something that's simple, it can even be more
2 complex than you often think, but you folks ultimately will do
3 what you choose to do.

4 That's what I had. What did you folks have, if
5 anything, that you would like to raise before we bring the jury
6 in?

7 MR. TURNER: Nothing else.

8 MR. DRATEL: Nothing, except the instruction.

9 THE COURT: How are we doing with the jury? Today is
10 the first day, but we're getting a sense as to the time
11 timeliness of the jury. We are currently waiting on nine.
12 Hopefully, they'll be here shortly, but there still is jury
13 selection going on in another big case and there are a
14 substantial number of people still coming in downstairs as a
15 result, which can cause some delays. So let's just take a
16 quick break until we have got more information and hopefully
17 we'll get our entire group here shortly.

18 Thank you.

19 THE DEPUTY CLERK: All rise.

20 (Recess)

21 THE COURT: Let's be seated. We have a decision to
22 make. We are missing one juror. We have 15 of the 16. We
23 have all except for juror no. 3. So it's the juror in the
24 third seat. At this point, and we have called his cell phone a
25 couple of times and gotten his voicemail and we have not

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1 received any phone calls from him, and they were instructed if
2 they were going to be late to call.

3 At this point, I would be willing to proceed with one
4 of the alternates, but I also don't think it's been such a very
5 long time that if anyone has any opposition to that, that I
6 would hesitate to wait a little bit longer, but we should then
7 talk about how long we wait before we then proceed.

8 Let me also say before people discuss their views on
9 this that it would normally be my practice, barring any reason
10 to do anything differently, that if the alternates are used,
11 the alternates are used in the order in which they're seated.
12 So we would use alternate no. 1 first, alternate no. 3 and then
13 no. 4 so we would proceed along. So that would mean alternate
14 no. 1 one would come down and sit in the open chair.

15 Views?

16 MR. TURNER: The parties briefly conferred, your
17 Honor. I think we both agree we should provide a little more
18 time. It's the first day after yesterday. The juror may be
19 unfamiliar with the area, may have gotten lost, there may be a
20 problem with the subway. Who knows?

21 THE COURT: Have you folks discussed what amount of
22 time you either individually or mutually agree would be the
23 right amount of time? And I'll see whether I agree.

24 MR. DRATEL: We haven't discussed that.

25 THE COURT: Why don't we say 10:30 then? They were

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1 supposed to be here by 9:15 to be ready. I think a full hour,
2 if we're unable to reach him on his cell phone and he doesn't
3 call us, then I think that would be the right place to cut it
4 off.

5 MR. DRATEL: Can we come up for a second.

6 THE COURT: Sure. Come on up.

7 (At the side bar)

8 MR. DRATEL: The reason wanted to do it side bar, I
9 didn't want to draw attention to the juror or embarrass him or
10 anything. And I can't remember -- I know who juror no. 3 is,
11 but I can't remember right now as to whether he identified
12 where he works. But is there a possibility we could call there
13 to find out whether, you know, he's got some problem there?

14 I don't know what the situation is with people.

15 Sometimes they don't recognize the implications for being
16 chosen on a case and then all of a sudden, other things come
17 up. And also, I guess we could maybe we could text him, too,
18 if we have a cell number, sometimes at least -- even on my
19 phone, sometimes texts are much more immediate in terms of my
20 recognition of them than telephone calls.

21 THE COURT: We have his contact information, including
22 the mobile phone.

23 So have we called only the mobile phone?

24 THE DEPUTY CLERK: Yes.

25 THE COURT: So we called the other -- we have one

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1 other number.

2 THE DEPUTY CLERK: No, just the mobile phone.

3 THE COURT: Have we texted yet?

4 THE DEPUTY CLERK: Not yet.

5 THE COURT: We'll text. And that would be what we do
6 and then we'll see -- I thought yesterday my explanation was, I
7 hoped, clear. I'll reiterate it this morning that we can't
8 start unless they're all here. We'll do that right away. And
9 at 10:30, let's confer and see where we are.

10 MR. DRATEL: Okay.

11 THE COURT: All right. So I'm going to have my deputy
12 text juror no. 3.

13 (In open court)

14 THE COURT: We're going to take a break until 10:30 or
15 until we have a first array of jurors, whichever comes first.
16 It is likely as a result that our mid-morning break will be
17 truncated, so you folks should just take that into
18 consideration.

19 (Recess)

20 (Continued on next page)

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Der-Yeghiayan - direct

1 (Jury not present)

2 THE COURT: All right. We now have a full jury and
3 Juror Number 3 has apologized to my deputy profusely for his
4 tardiness. So we are ready to proceed.

5 THE CLERK: All rise as the jury enters.

6 (Continued on next page)

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Der-Yeghiayan - direct

1 (Jury present)

2 THE COURT: All right. Ladies and gentlemen, let's
3 all be seated. Thank you.

4 I've just got a couple of housekeeping matters to
5 address and then one other issue. There is not going to be
6 trial on Fridays unless you are deliberating. All right? So
7 Friday is a day that I do everything else, essentially, and
8 counsel prepares to make use of the time most efficiently. So
9 we won't have trial on Fridays.

10 Now, if you are deliberating -- and there will be a
11 point when you are deliberating -- then we will sit on Friday,
12 but that's not going to be for several weeks. OK? So you are
13 not going to have to report for trial this Friday.

14 Also, Monday is Martin Luther King Day and that is a
15 court holiday. The court is closed on Martin Luther King Day.
16 And so there won't be trial on Friday or Monday, but we will be
17 picking up on every other day of the week.

18 The second matter is that we are going to be serving
19 you breakfast -- a continental breakfast in the morning and
20 giving you folks a coffee service. When I say "coffee
21 service," it is coffee, it is tea, it is also water that you
22 will have. So there will be a continental breakfast, and I do
23 know that things happen in terms of people's ability to get
24 here on time but that is an added incentive to try to get
25 people here so that we can start promptly.

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Der-Yeghiayan - direct

1 Now, the last thing is that you have heard yesterday
2 the beginning of the first witness and you heard counsel
3 objecting, and I wanted to just make sure that you understand
4 that objections and lodging objections by counsel is perfectly
5 appropriate. It is expected. You are not to draw any
6 conclusions from the objections made by counsel. It is part of
7 their job. And, similarly, don't draw any conclusions from my
8 rulings other than whether the evidence in question or answer
9 is admissible. The objections relate to legal issues and
10 principles that are within my authority to decide, and making
11 objections to evidence or questions or answers is entirely
12 appropriate regardless of my rulings on any particular
13 objection. And you will hear throughout the course of the
14 trial both -- all counsel making objections when appropriate.
15 All right? So I just wanted to make sure you all had heard a
16 little bit about that.

17 Now, without anything further, we are ready to
18 proceed.

19 I want to remind you, sir, that you are under oath
20 from yesterday.

21 THE WITNESS: Thank you, your Honor.

22 JARED DER-YEGHIAYAN,

23 resumed, and testified further as follows:

24 THE COURT: All right. Mr. Turner, you may continue,
25 sir.

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Der-Yeghiayan - direct

1 MR. TURNER: Thank you, your Honor.

2 DIRECT EXAMINATION (Resumed)

3 BY MR. TURNER:

4 Q. So, Agent Der-Yeghiayan, we left off yesterday with you
5 explaining that Silk Road was accessible only through a special
6 network on the Internet; do you remember that?

7 A. Yes, I do.

8 Q. Could you just remind the jury what that network is called?

9 A. It's called the Tor network, which is short for the Onion
10 Router.

11 Q. So what basic advantage does the Tor network give you as a
12 user? Is it faster?

13 A. Not necessarily. It provides anonymity to you so it
14 protects you, your location on the Internet.

15 Q. You explained a little bit of this yesterday. But, again,
16 what specific information about you does it protect or conceal?

17 A. It conceals your Internet protocol address, which is your
18 IP address.

19 Q. And a website operating on Tor, what is that called again?

20 A. It's called a hidden service or a dot-onion address.

21 Q. And what is the advantage of operating a website as a
22 hidden service on Tor?

23 A. Some of the advantages of doing that is it is harder to
24 identify that website's IP address so it could also remain
25 anonymous on the Internet.

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Der-Yeghiayan - direct

1 Q. And at a basic level, how does Tor conceal a user's IP
2 address, if you know?

3 A. So basically it is a network on the Internet that is made
4 up of a lot of computers, and when you're using that Tor
5 browser that I showed you yesterday, that will allow you to
6 enter into this network, and that network then will rout your
7 traffic on the Internet through multiple computers, which
8 basically protect you each step of the way. So it's hard for
9 one computer to know who you are and vice versa until you exit
10 the network and visit a regular website as well as if you visit
11 a website within the network itself.

12 Q. Could you turn to page -- or what has been marked as
13 Government Exhibit 106 in your binder.

14 Do you recognize this exhibit?

15 A. Yes, I do.

16 Q. Is it a diagram of some kind?

17 A. Yes.

18 Q. Would it aid your testimony, would it help you explain
19 these concepts by showing this exhibit to the jury?

20 A. Yes, it would.

21 MR. TURNER: Your Honor, the government requests to
22 publish the exhibit as a demonstrative.

23 MR. DRATEL: No objection, your Honor.

24 THE COURT: All right. Received.

25 (Government's Exhibit 106 received in evidence)

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Der-Yeghiayan - direct

1 BY MR. TURNER:

2 Q. OK. So could you just explain what the diagram shows?

3 A. Sure.

4 Q. You can use your laser pointer. That would be great.

5 A. So if you are a user with your computer, this would be the
6 entire Tor network itself which is made up of a lot of
7 computers on the inside of it. Basically, if you want to visit
8 another website, even if it is a hidden service that shows it
9 is outside of Tor, which technically is inside of Tor, you
10 would enter into the Tor network, and what the Tor network
11 would do then is route you between multiple computers before
12 you actually reach that website.

13 Q. What are those computers called?

14 A. So these internal computers within the system are called
15 relays, and the ones that are on the external, on the outside,
16 are called nodes.

17 Q. OK. And I am going to use my dueling laser pointer here.

18 So this computer, the first node that you hit, does it
19 know your IP address?

20 A. Yes, it does.

21 Q. How about this computer here, which IP address does it know
22 that your traffic is coming from?

23 A. It will only know the computer that it came from and the
24 next computer that it goes to.

25 Q. Could you just explain?

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Der-Yeghiayan - direct

1 A. Let me just -- so this computer would only know this IP
2 address, and then whenever it sends the message along, it will
3 only know the next computer's IP address.

4 Q. So just to be clear, this computer knows the -- thinks the
5 traffic is coming from that IP address, is that right?

6 A. Yes.

7 Q. This computer thinks the traffic is coming from that IP
8 address?

9 A. Yes.

10 Q. And so on?

11 A. Yes. Each computer has its own IP address internally
12 within the network so it will only know the previous computer
13 and the next computer's IP address.

14 Q. So by the time that the traffic hits the hidden service at
15 the end of the chain, what IP address does the hidden service
16 believe the traffic is coming from?

17 A. So the hidden service will only see that last computer,
18 that last IP.

19 Q. So the original IP address is hidden by multiple layers of
20 other computers in the chain?

21 A. Yes.

22 Q. OK. And you mentioned yesterday that a hidden service has
23 a special kind of Web address?

24 A. Yes, I did.

25 Q. Would you remind the jury what those Web addresses are

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Der-Yeghiayan - direct

1 called?

2 A. It ends in dot-onion.

3 Q. So, again, what was Silk Road's dot-onion address?

4 A. It was silkroadvb5piz3r.onion.

5 Q. Was that the only dot-onion address it ever had or did it
6 change sometimes?

7 A. It changed.

8 Q. Was that the last one it had?

9 A. That was the last one it had.

10 Q. So when you typed Silk Road's dot-onion address into the
11 Tor browser -- and I should just be clear, you talked about the
12 Tor browser yesterday, right?

13 A. Yes, I did.

14 Q. Do you have to have the Tor browser to access the network
15 that we just saw?

16 A. Yes, you do.

17 Q. So when you type the dot-onion address of Silk Road into
18 the Tor browser, what would show you up?

19 A. The first page of the website, which should be basically a
20 user login screen.

21 Q. Sir, could you turn to what has been marked as Government
22 Exhibit 108.

23 A. OK.

24 Q. Do you recognize this document?

25 A. Yes, I do.

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Der-Yeghiayan - direct

1 Q. How do you recognize it?

2 A. I took this screenshot.

3 Q. And what is it a screenshot of?

4 A. It is of the first page, the user login page for Silk Road.

5 MR. TURNER: The government offers Exhibit 108 into
6 evidence, your Honor.

7 MR. DRATEL: Your Honor, this is of the same character
8 as yesterday's, so --

9 THE COURT: 108 is received.

10 MR. DRATEL: Thank you, your Honor.

11 (Government's Exhibit 108 received in evidence)

12 MR. TURNER: Could you publish Government Exhibit 108,
13 Mr. Evert.

14 Q. So what is shown here, Agent Der-Yeghiayan?

15 A. So this is the first page -- when you visit the website,
16 this is the first thing that will appear. And it prompts you
17 to enter in a user name and a pass phrase, which is a password,
18 as well as you have to hit in down below it, which is a
19 CAPTCHA, C-A-P-T-C-H-A.

20 Q. The user name and pass phrase, do you have to have one to
21 enter this site?

22 A. Yes, you did.

23 Q. And if you didn't have a user name and pass phrase, how
24 could you get one?

25 A. Down below there is the green lettering which says "Click

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Der-Yeghiayan - direct

1 here to join," and it would then take you to another page.

2 Q. Could anyone click here to join? Could anyone create an
3 account on this site?

4 A. Yes. It was public.

5 Q. What information did you have to give about yourself in
6 order to join?

7 A. No information about yourself.

8 Q. Did it matter what age you were?

9 A. No.

10 Q. Did it matter where you were from or what the laws were in
11 your country?

12 A. No.

13 Q. Do you have to supply an email address of any kind to
14 register your account?

15 A. No, you do not.

16 Q. What did you have to do exactly?

17 A. It just asked you to create a user name and also just
18 create a password, or pass phrase.

19 Q. As long as it wasn't one that some other user had chosen
20 before, was that it?

21 A. If it was something that already existed, then it would ask
22 you to create another user name, something different.

23 Q. So once you had an account and entered your user name and
24 password, what would show up?

25 A. The homepage for Silk Road.

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Der-Yeghiayan - direct

1 Q. Could you take a look at Government Exhibit 109, please.

2 Do you recognize this document?

3 A. Yes, I do.

4 Q. How do you recognize it?

5 A. It is a screenshot I took of the Silk Road.

6 Q. Of the homepage specifically?

7 A. Yes.

8 Q. And what date did you take it on?

9 A. This was taken September 27, 2012.

10 MR. TURNER: The government offers Exhibit 109 into
11 evidence.

12 MR. DRATEL: The same objection, your Honor.

13 THE COURT: All right. Government Exhibit 109 is
14 received.

15 (Government's Exhibit 109 received in evidence)

16 MR. TURNER: Could you publish Government Exhibit 109,
17 Mr. Evert. Could you zoom in on the central images on the
18 screen.

19 Q. OK. So what are we looking at? What are the pictures we
20 see in the middle of the screen?

21 A. So these are listings, various listings that were available
22 on Silk Road. They will change from time to time. And it
23 could be any listing within the entire website but these just
24 all happen to be drug listings.

25 Q. How do these listings compare to the listings that

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Der-Yeghiayan - direct

1 typically appeared on the Silk Road homepage?

2 A. This is pretty consistent with what you would see when you
3 login.

4 Q. Was it typically mostly drugs or some other product?

5 A. It was mostly drugs.

6 Q. So could you explain some of the specific offerings we see
7 here, what they are, what type of drugs they reflect?

8 A. So there is marijuana that is available. There is also
9 another type of psychedelic, called 25I-NBOMe, and as well as
10 heroin, one gram of it. You have speed, which is amphetamine.
11 Also have black tar heroin, one gram of high quality cocaine,
12 testosterone. You also have some more amphetamine.

13 Q. What type of drug is testosterone?

14 A. Steroid. As well as you have methylone, and then you have
15 some marijuana as well as some ecstasy pills, and I'm not
16 exactly sure what that is; it looks like a prescription drug.

17 Q. Could you take a look at Government Exhibit 101, please.

18 A. OK.

19 Q. Do you recognize this document?

20 A. Yes, I do.

21 Q. How do you recognize it?

22 A. This is a screenshot I took.

23 Q. Of what?

24 A. Of the Silk Road homepage.

25 Q. On what date?

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Der-Yeghiayan - direct

1 A. This is from April 2, 2012.

2 MR. TURNER: The government offers Exhibit 101 into
3 evidence, your Honor.

4 MR. DRATEL: The same objection, your Honor.

5 THE COURT: Received.

6 (Government's Exhibit 101 received in evidence)

7 MR. TURNER: Could you publish the exhibit, Mr. Evert.

8 Q. OK. So this was an earlier version of the site to the one
9 we just looked at, is that right?

10 A. That is correct.

11 Q. Could we zoom in on the "Shop by category" list on the
12 left.

13 OK. So what are we looking at here? What was on the
14 "Shop by category" list?

15 A. So this is the drugs category as well as subcategories for
16 the different various drugs.

17 MR. TURNER: Mr. Evert, could you actually zoom out
18 and take a look at the whole category list.

19 Q. Just to be clear, what was the predominant form of goods
20 sold on the site as of this date?

21 A. It was drugs.

22 Q. And the numbers on the side of the categories, what do they
23 reflect?

24 A. Each one of the numbers in parentheses is a listing that is
25 in that category.

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Der-Yeghiayan - direct

1 Q. So what does it mean drugs, 2,020? 2,020 what?

2 A. It means there is 2,020 individual listings for different
3 drugs.

4 Q. By "listings," what do you mean? Advertisements?
5 Offerings?

6 A. It's an offering, yes.

7 Q. For each offering would there be only one item for sale or
8 would there be more in quantity?

9 A. Each listing could have, for example, ten pills for that
10 one listing available or 100 pills or multiple grams up to a
11 kilogram or more of a drug.

12 Q. OK. And these numbers, did they change over time, the
13 quantities of listings for the various drugs on sale on the
14 site?

15 A. Yes, they did.

16 Q. And over the timeline of the site, how did they change?
17 Did they increase? Decrease?

18 A. They increased pretty regularly or steadily.

19 Q. So, again, what was the date of this screenshot?

20 A. This was April 2, 2012.

21 Q. Could you take a look at Government Exhibit 132?

22 MR. TURNER: Mr. Evert, could you put that on the
23 side, please.

24 Q. Do you recognize what has been marked as Government Exhibit
25 132?

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Der-Yeghiayan - direct

1 A. Yes, I do.

2 Q. How do you recognize it?

3 A. It is another screenshot I took of the Silk Road homepage.

4 Q. On what date?

5 A. This is from October 1, 2013.

6 MR. TURNER: The government offers Government Exhibit
7 132 into evidence.

8 MR. DRATEL: The same objection, your Honor.

9 THE COURT: Received.

10 (Government's Exhibit 132 received in evidence)

11 MR. TURNER: OK. So could you publish that,
12 Mr. Evert, and zoom in on the category list.

13 Q. So, again, what date did you take this screenshot on?

14 A. This was October 1, 2013.

15 Q. And how do the numbers compare to the prior shot that you
16 took in, what was it, April 2012?

17 A. That was April 2012. They substantially went higher in
18 every category and as well as additional categories were added.

19 Q. So in total there were 2,020 drug listings in April of
20 2012. By October how many?

21 A. There is 13,810.

22 Q. So if you clicked on one of the links in this category list
23 what would then show up?

24 A. If you clicked on the drug link, then it would take you
25 into the drug listings.

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Der-Yeghiayan - direct

1 Q. So could you take a look at Government Exhibit 110, please.

2 Do you recognize this document?

3 A. I do.

4 Q. And how do you recognize it?

5 A. This is a screenshot I took.

6 Q. On what date?

7 A. This is a screenshot of the Silk Road drug page from
8 November -- sorry, September 27, 2012.

9 MR. TURNER: The government offers Exhibit 110 into
10 evidence.

11 MR. DRATEL: The same objection, your Honor.

12 THE COURT: Received.

13 (Government's Exhibit 110 received in evidence)

14 MR. TURNER: Publish it, Mr. Evert.

15 Q. So what is depicted in this screenshot?

16 A. This would be on the drugs category, specifically on the
17 stimulants subcategory of drugs.

18 MR. TURNER: And, Mr. Evert, could you zoom in on the
19 first couple of listings, for example.

20 Q. So the first one, it says ".5 grams high quality cocaine,"
21 and then by "seller" it says "Lloydsbrothers."

22 Now, was that typical for a seller name? Did sellers
23 typically put real names there or some other type of name?

24 A. Generally it is just an obscure name.

25 Q. What was that called?

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Der-Yeghiayan - direct

1 A. It is a user name.

2 Q. The user name of the vendor on that site selling that
3 product?

4 A. Yes.

5 Q. And "ships from," what did that indicate?

6 A. That would be where the seller would publicly advertise
7 where they shipped their products from.

8 Q. Roughly, how many different seller user names would you say
9 you saw during the course of your investigation? Dozens?
10 Hundreds? Thousands?

11 A. Thousands.

12 MR. DRATEL: Objection to the leading, your Honor.

13 THE COURT: In general try not to lead, Mr. Turner.

14 MR. TURNER: OK.

15 Q. Roughly, how many different seller user names would you say
16 you saw during the course of your investigation?

17 A. A few thousand.

18 Q. And in terms of "ships from" and the countries that the
19 vendors would ship from, during your investigation, did you see
20 offerings from many countries or just a few?

21 A. I saw approximately over 40 countries.

22 Q. So what would happen if you click on one of those
23 individual listings in the category list there?

24 A. If you would click on the actual individual list, it would
25 bring up a more detailed description of the listing itself as

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Der-Yeghiayan - direct

1 well as just some terms basically of the purchase of it.

2 Q. Could you take a look at Government Exhibit 111, please.

3 Do you recognize this document?

4 A. Yes, I do.

5 Q. And how do you recognize it?

6 A. It was a screenshot that I witnessed being taken.

7 Q. What is it a screenshot of?

8 A. This is a screenshot of a listing that was used to buy a
9 controlled purchase of drugs.

10 Q. Does that mean like an undercover buy?

11 A. Yes.

12 Q. What date is this screenshot from?

13 A. I believe it was -- there is no other date on there but it
14 was around March 6, 2013.

15 MR. TURNER: The government offers Government Exhibit
16 111 into evidence.

17 MR. DRATEL: The same objection, your Honor.

18 THE COURT: All right. Government Exhibit 111 is
19 received.

20 (Government's Exhibit 111 received in evidence)

21 MR. TURNER: Mr. Evert, would you publish it.

22 Q. OK. So what was it an offering for?

23 A. This was for .5 grams of uncut crack cocaine.

24 MR. TURNER: Could we zoom in on the product
25 description all the way down to the bottom, please.

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Der-Yeghiayan - direct

1 Q. OK. It says: "Description: Uncut crack cocaine.

2 "Product will be send within 12 hours after order is
3 placed.

4 "It is possible to ship from Belgium (ask for info).

5 "I destroy all your information after the order has
6 been furnished.

7 "Info: I am aware of the latest stealth packaging.

8 "Using the best quality materials. My packaging is
9 professional and up to date.

10 "Working with bitcoins only. No payments outside of
11 escrow. Shipping worldwide."

12 Could we zoom out, please.

13 And then could you zoom in on the top half of the
14 page.

15 So in the gray box there, again, could you just
16 briefly summarize what information is displayed there?

17 A. To the right of the image?

18 Q. Yes.

19 A. So it lists the seller's user name followed by their
20 feedback rating. In this case, the name is happytimezz, with a
21 feedback rating of 100. And it also details where that
22 particular vendor would be shipping that product from. Their
23 advertising they're shipping from the Netherlands. And they
24 would also tell you where they would ship the products to. In
25 this case this vendor is offering this product shipping

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1 worldwide. And then it is in the category, or subcategory, of
2 crack.

3 Q. And then up above, it says, "Add to cart." And there is
4 "1.65" next to a B with a line through it. Do you see that?

5 A. I do.

6 Q. What is that? What is the number?

7 A. The symbol is a symbol for bitcoins.

8 Q. So what does it reflect? 1.65, what is that for?

9 A. It is a price for the items. It is 1.65 bitcoins.

10 Q. So through your investigation did you become familiar with
11 bitcoins?

12 A. Yes, I did.

13 Q. And at a general level, what are bitcoins?

14 A. Bitcoins are a -- it is a virtual currency that is used
15 that you could use to buy and sell things and trade things
16 electronically on the Internet.

17 Q. Was there any form of payment accepted on Silk Road besides
18 bitcoins?

19 A. No, there was not.

20 Q. And what is the advantage of using bitcoins for a purchase?

21 A. Bitcoins themselves are sort of like Tor. It anonymizes
22 you. Bitcoins also have sort of the same properties where it
23 would be something that also helps anonymize who you are. It
24 doesn't really lead directly back to you.

25 Q. So when you paid for items on Silk Road or when you pay for

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Der-Yeghiayan - direct

1 items with bitcoins generally, is there any identifying
2 information attached to those bitcoins?

3 A. No, there is not.

4 Q. How does that compare to like payment with a credit card,
5 for example, when you shop on an ordinary website?

6 A. With a credit card, if you are online and you are buying
7 something, that usually requires that you enter information
8 about yourself -- your name, your address, zip code -- and that
9 information is usually checked against the credit card itself,
10 too, and it verifies against it.

11 Q. And to be clear, is there anything illegal in and of itself
12 about using bitcoins?

13 A. No, there is not.

14 Q. Did you ever conduct -- you mentioned before you conducted
15 undercover buys on Silk Road?

16 A. Yes, I did.

17 Q. Why did you do that?

18 A. It was to match up the drugs that we were receiving in at
19 Chicago O'Hare to try to match the envelopes that we were
20 receiving to who we suspected were shipping those drugs.

21 Q. And as part of those undercover buys did you learn how to
22 acquire and use bitcoins?

23 A. Yes, I did.

24 Q. So how can you buy bitcoins? How can you acquire them?

25 A. There is a number of ways. Generally, you have to buy it

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Der-Yeghiayan - direct

1 from a Bitcoin exchanger that will basically take your real
2 money and exchange it for bitcoins.

3 Q. And where can you find an exchanger of bitcoins?

4 A. You could find it -- it is available -- readily available
5 online. So there is numerous exchanges you can go to online
6 that will accept your money, real money, for bitcoins.

7 Q. How does buying bitcoins compare to exchanging dollars for
8 foreign currency, for example?

9 A. It's similar in the essence that when you trade it, the
10 actual exchanges themselves will make money on you just as a
11 currency converter will make money on you with some commissions
12 when you are transferring, say, dollars to Euro, dollars to
13 pounds. Also, Bitcoin exchanges will also make commissions on
14 you as well, so when you are buying bitcoins they will earn
15 money off of that.

16 Q. And what is the exchange rate for a Bitcoin? How much does
17 it cost to buy a single Bitcoin?

18 A. It fluctuates pretty rapidly, usually.

19 Q. How much did the price of bitcoins change over the time
20 period at issue in this case, 2011 to 2013?

21 A. When I started my investigation, it was in October 2011.
22 Bitcoins were roughly like 2 to \$4 a bitcoin. And then by the
23 end of -- well, throughout the investigation, even going into
24 April 2013, bitcoins hit a value of \$250 a bitcoin, and then by
25 the time that we shut the site down in October 2013 it was

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1 about \$100 -- a little bit over a \$100 a bitcoin.

2 Q. Do you have a document on how you would buy bitcoins as
3 part of your undercover buys?

4 A. Yes, I do.

5 Q. Could you take a look at Government Exhibit 113, please.

6 There are a series of pages in this exhibit. Could
7 you explain what they are? Do you recognize them?

8 A. I do recognize it. It's -- this is -- I'm sorry. It is a
9 purchase of bitcoins that we did, or that I did, and it's a
10 series of screenshots that demonstrate the different websites
11 we had to visit in order to purchase the bitcoins as well as
12 screenshots I took of Silk Road.

13 MR. TURNER: The government offers Government Exhibit
14 113 into evidence.

15 MR. DRATEL: No objection, your Honor.

16 THE COURT: All right. Government Exhibit 113 is
17 received.

18 (Government's Exhibit 113 received in evidence)

19 MR. TURNER: Publish the first page of the exhibit,
20 Mr. Evert.

21 Q. So could you just walk us through slowly through each page
22 of the exhibit and what it reflects, and you can just tell
23 Mr. Evert what to zoom in on.

24 A. You are actually right, so if you can zoom in there, that
25 is perfect.

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1 So we just zoomed in on this portion from -- this is
2 an undercover Bank of America account that we established
3 within HSI.

4 Q. HSI is your agency?

5 A. Yes.

6 Q. Let me just be clear, the circles in these documents, where
7 did these come from?

8 A. I added these circles to the images.

9 And so this is demonstrating the first initial wire
10 transfers, that we have \$7,000 in our bank account that we are
11 transferring to it's an online bitcoin exchange that is called
12 Mt. Gox at the time.

13 Q. So Mt. Gox is the exchanger here?

14 A. Yes.

15 Q. OK.

16 A. So this is showing on April 5th of 2013 we are making a
17 wire transfer, and the information for the wire transfer is
18 provided by Mt. Gox on their page to say to initiate a wire
19 transfer, send it to this bank and to this routing number. And
20 then also included in the transfer description, which is below,
21 this is a unique -- this M03291196X is unique to our Mt. Gox
22 profile that we had already established.

23 Q. So you are transferring \$7,000 of real currency to Mt. Gox?

24 A. Yes.

25 Q. Go to the next page.

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1 A. So if you zoom up on the top part, this is the Mt. Gox
2 page. So this is, again, an undercover account that we
3 established.

4 And what this reflects is after the wire transfer went
5 through, it displayed that we had \$6,989.34 in our account,
6 that our fees that are assessed in the wire transfer, that we
7 lost some money, but what it did is it credited our Mt. Gox
8 account online with the money that we transferred.

9 Q. Do you want to go to the next page.

10 A. In the center here, now that we have our money that is in
11 our account, we are going to try to purchase bitcoins using
12 that money. And we want to use the entire balance that we have
13 of cash to purchase bitcoins. And so the website -- the amount
14 value in bitcoin fluctuated very rapidly, so we were trying to
15 do the math very quickly to purchase the exact amount of
16 bitcoins that would equal the amount in our balance. So this
17 is showing us putting in a buyer request for bitcoins using
18 that money.

19 Q. All right. So you had \$6,989 and you were trying to spend
20 it all to buy as many bitcoins as you could?

21 A. Yes.

22 Q. Which is how many bitcoins?

23 A. It came out to 27.4306907 bitcoins.

24 Q. Then you clicked "buy bitcoins"?

25 A. I'm sorry?

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1 Q. Then you clicked "buy bitcoins"?

2 A. Yes. As soon as you put in the information for how many
3 you want to buy and at what value amount, then you click "buy
4 bitcoins."

5 Q. The next page, please.

6 A. This is -- it reflects up in the right-hand corner now,
7 after the order went through for our purchase, that we received
8 27.26610656 of bitcoins, and we also had a balance remaining in
9 our account of \$206.52 and some extra decimals that was
10 reflected because the value of bitcoins changed in the middle
11 of our order when we placed it. That is how fast it changed on
12 us.

13 Q. So now you have 27.26 bitcoins. What did you do next?

14 A. After this then I logged into our Silk Road account.

15 MR. TURNER: Next page, please. Could you go all the
16 way over, Mr. Evert, to capture the user name. Thank you.

17 Q. All right. So this is an undercover account you had on
18 Silk Road?

19 A. Yes. This is an account that I took over.

20 Q. What was the user name of the account?

21 A. The account was "dripsofacid."

22 Q. Reflected over here?

23 A. Yes.

24 Q. Go ahead.

25 A. So this is just showing beforehand, before we actually

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Der-Yeghiayan - direct

1 transferred our bitcoins, how much was in our account.

2 On the left-hand side I circled in red, and it shows
3 that we had now -- I should explain this, too, is that Silk
4 Road had the option to display to you various currencies. So
5 it wouldn't just show in bitcoins. You could set it to show
6 you in dollar amounts or show in Euro or show in various
7 currencies. So this account when we took it over it was
8 already set to display in U.S. currency. So up in the top it
9 is showing that we had a-dollar-89 already in that account and
10 that was in there once we took it over.

11 Q. Next page, please.

12 A. And so after clicking the account but in that, where I just
13 showed you where the 1.89 was, it would take you to a page like
14 this where I circled -- if I wanted to make a deposit of
15 bitcoins, you would simply have to click on those green words,
16 "Click here to make a deposit."

17 Q. Next page, please.

18 A. And then this page would come up after you click that, and
19 down below I circled what it is telling me is once basically
20 you are ready to send the bitcoins, send it to this bitcoin
21 address.

22 Q. We haven't heard this term before. Could you explain what
23 a bitcoin address is?

24 A. So a bitcoin address, which is up here on the screen, it is
25 essentially like a bank account number. You can think of it

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1 that way, where it is a unique number that is what allows
2 basically the bitcoin network to transfer bitcoins to and from.

3 Q. Is it an account at a bank?

4 A. No, it is not an account in a bank.

5 Q. What is it an account on?

6 A. It is an account that exists so the bitcoin has it's called
7 a block chain and it's what is its internal ledger that
8 basically documents all transactions to and from. That is how
9 it keeps track of basically who has what money where and what
10 accounts and what money where. It is basically using these
11 addresses, and they are all part of what's called, it is the
12 block chain.

13 Q. So let's just back up. Is bitcoin controlled by like a
14 government? Is it a government-issued currency?

15 A. No, it is not.

16 Q. Is it controlled by a single company? Is there a
17 bitcoin.inc that controls the whole thing?

18 A. It's not one company. It is completely decentralized.

19 Q. When you say "decentralized," what does that mean?

20 A. That means that it is not owned by any government or one
21 entity.

22 Q. So the computers that run the bitcoin network, who are they
23 owned by?

24 A. It is public. It is something that you could download, and
25 once you download the program you become a part of the network

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1 itself. And the block chain itself is contained within that
2 program.

3 Q. So if you have a transfer of money from one bank to
4 another, who keeps tracks of that information in the ordinary
5 financial world?

6 A. Generally the bank does.

7 Q. So if you have money transferred from one bitcoin address
8 to another, how is that information kept track of if there is
9 no one central authority like a company or country?

10 A. So the transactions are recorded within the network. It's
11 recorded within that block chain, and since the block chain
12 exists on every computer that runs that program, it constantly
13 self-updates. So every transaction it will self-update the
14 block chain on everyone's computer, basically. So the block
15 chain is constantly updated with every transaction.

16 Q. Is there a single block chain that is used throughout the
17 network or are there multiple ones?

18 A. It is a universal single block chain that everybody uses.

19 Q. All right. So the screen says "Once you are ready send
20 your bitcoins to this address." What did you do next?

21 A. So from this page I copied that bitcoin address, and then I
22 went back to my Mt. Gox page that I had to initiate a wire --
23 initiate a transfer.

24 Q. Turn to the next page, please, Mr. Evert.

25 Could you just walk the jury through this page?

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1 A. So this is back on the Mt. Gox page. I then took that same
2 address that Silk Road gave me to deposit the bitcoins. I
3 entered it in to where it asked for a bitcoin address. And
4 then I entered in the amount that I want to transfer, which is
5 the entire balance that was in our account at the time. And we
6 also clicked an option to pay a fee so we would have faster
7 processing so it wouldn't remain there for -- the transaction
8 would basically go quicker.

9 And then once you entered that information, you click
10 "confirm." And what it says is the transaction -- that's
11 what's down below in the green -- it says "Transaction is
12 underway" and it gives you a transaction ID number.

13 Q. That transaction ID number, what is that an ID number for?

14 A. The long string is a unique transaction ID number that is
15 created and generated and it is also on the block chain as
16 well.

17 Q. OK. So you said before that every time you do a bitcoin
18 transaction, remind me, what happens to the block chain?

19 A. The block chain updates.

20 Q. So could you turn to the neck page, please. What are we
21 looking at here?

22 A. So this is a public website. It is blockchain.info. This
23 is one of several websites that you could use to actually
24 search the block chain. It is a way that it basically
25 visualizes what transactions actually are on there. So from

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1 block chain all you have to simply do is search the bitcoin
2 address that you just -- you transfer any bitcoin address and
3 it will tell you all the transactions in it.

4 MR. TURNER: I'm sorry. Mr. Evert, could you actually
5 back out of there. Could you zoom up here, please?

6 That's fine.

7 Q. So this address right here, what is that address?

8 A. That is the same address that Silk Road provided us. And
9 this is an example of what would display normally on
10 blockchain.info after you searched for a bitcoin address.

11 Q. So you searched for that address -- back out, please -- and
12 do you see your transaction from Mt. Gox reflected anywhere in
13 the block chain here?

14 A. Yes, I do.

15 Q. Which one is it?

16 A. It's -- so the second arrow from the top down, or the
17 second arrow up in the middle there, that would be our
18 transaction that we did that day. It is the same transaction
19 ID number on the upper left.

20 Q. There?

21 A. Yes. It is same date that we initiated the transfer, which
22 is April 10, 2013, as well as the same bitcoin amount that is
23 27.26 and some change bitcoins.

24 Q. So where is the address that you sent the money to?

25 A. It's where the arrow is pointing to. Blockchain.info will

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1 try to make it as user friendly as possible. So it will tell
2 you from what account or accounts bitcoins were transferred to
3 another account. In this instance it is showing that there are
4 four accounts that actually made that transfer of 27 bitcoins
5 to our Silk Road account.

6 Q. So there are four addresses on the side. Who did those
7 addresses belong to? Who are they controlled by?

8 A. Those are Mt. Gox's.

9 Q. And this one was controlled by what?

10 A. This would be Silk Road.

11 Q. On the block chain itself, was there any -- is there any
12 information that ties those addresses on the left to Mt. Gox?

13 A. No, there is not.

14 Q. Or this one to Silk Road?

15 A. No, there is not.

16 Q. Is there any information on the block chain itself that
17 ties any of this money to you?

18 A. No, there is not.

19 Q. The next page, please.

20 A. And so this is showing, after we initiated the transfer,
21 the account history -- there is an account history page on Silk
22 Road that will tell us that we in this case deposited bitcoins
23 into the address that is provided, the bitcoin address, and it
24 is reflecting that total of 27.27 bitcoins were credited. It
25 also rounds up on that page; it doesn't show the entire

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1 balance. And then it shows the date, which is April 10th,
2 2013. And up above that I also circled -- it shows what the
3 value is in your account at the time, which is \$6,522.

4 Q. So by this point have all the bitcoins that you bought from
5 Mt. Gox been transferred over to Silk Road?

6 A. Yes.

7 Q. Again, as part of that, has Silk Road received any
8 identifying information about you?

9 A. No, they have not.

10 Q. Next page, please.

11 A. And this is a screenshot, then, that we took of the item
12 that we were going to try to purchase and we did purchase. It
13 was a thousand pills of ecstasy that it was -- the cost of it,
14 since we asked for it to display in dollars, was \$5,499.99, and
15 this was particularly coming from a vendor by the name of
16 supertrips who was advertising that he shipped from Germany and
17 shipped worldwide.

18 Q. How did you initiate the purchase?

19 A. So once you find a product within Silk Road, such as we did
20 here, all we had to do was click on right next to the dollar
21 amount, the "Add to cart."

22 Q. And then what happened?

23 MR. TURNER: Would you go to the next screen,
24 Mr. Evert.

25 A. And then after you hit "Add to cart," on the upper

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1 right-hand side there is a -- let me use my laser pointer --
2 there is a shopping-cart-like image, and it is now reflecting
3 that we have one item in our shopping cart. And if you click
4 on that it would take you to a page such as this that then
5 would list the product that you added to your shopping cart,
6 and we added in this instance the thousand pills of ecstasy.

7 It gives you options on how you want it shipped.

8 There is different shipping. In this case there is free
9 worldwide shipping offered by this vendor. The only thing that
10 we had to do is down below enter in a name and address and then
11 a PIN number and then click "Place order."

12 Q. And the name that you provided, was that a real name?

13 A. That was an undercover name.

14 Q. Did users have to verify their name in any way in making
15 Silk Road purchases?

16 A. No, they did not.

17 Q. All right. The next page, please.

18 A. So this is a page that we took then after the transaction
19 was complete, and it displays an order that we placed that has
20 been verified. It assigned us a transaction ID number, which
21 is that TX pound number, and it also gives you a status for
22 your order, which in this case it is processing. And then up
23 above you could see that our account now has been debited the
24 amount of \$5,499.

25 Q. So after you placed the order, would the purchase money

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1 immediately be transferred to the seller?

2 A. No, it would not.

3 Q. And why not? What would happen to it?

4 A. Once an order was placed, it would go into an escrow
5 account that Silk Road maintained.

6 Q. What does "escrow" mean?

7 A. Escrow is just -- it is basically a middleman between you
8 and the vendor, and Silk Road would act as that, the middleman.

9 Q. And what was the function of putting it into escrow?

10 A. It was a way to help protect, I guess, the vendors and the
11 buyers. So basically once that order was placed, the vendor
12 would be notified that an order was placed and that would
13 trigger them to ship the product, and once the actual buyer
14 received it, then they would then tell Silk Road that they
15 received the order and then they would release the funds
16 basically to them. If they never got the item, then they could
17 dispute it within Silk Road to get their money back.

18 Q. And if you did get the product, what would you do to send
19 the money to the vendor?

20 A. It's called "finalizing" on the website, that you would
21 click a button which says "Finalize." So you have the option
22 of doing that almost right away. You could finalize an order
23 and give the vendor the money right away if you really trusted
24 them, or if there is an instance where the vendor might require
25 it, that would be something that you had the option of doing at

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1 any time.

2 Q. Could you go to Government Exhibit 114, please.

3 Do you recognize this document?

4 A. Yes, I do.

5 Q. How do you recognize it?

6 A. It is a screenshot I took.

7 Q. Of what?

8 A. Actually, I'm sorry, it is a screenshot that I was present
9 for, that I witnessed being taken.

10 Q. And what is it a screenshot of?

11 A. This is a screenshot of the order page -- orders that we
12 placed during an undercover purchase of drugs.

13 MR. TURNER: The government offers Government Exhibit
14 114 into evidence.

15 MR. DRATEL: No objection.

16 THE COURT: GX-114 is received.

17 (Government's Exhibit 114 received in evidence)

18 MR. TURNER: Could you pull the first three or four
19 orders, Mr. Evert.

20 Q. What does this page show?

21 A. These were orders that we placed during one of our
22 undercover buys, and this reflects multiple orders that we
23 placed all at the same time.

24 Q. This includes, for example, the uncut crack cocaine that we
25 saw before?

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Der-Yeghiayan - direct

1 A. Yes, it does.

2 Q. OK.

3 A. And this is -- so what it is showing us is each one is an
4 individual transaction from a different vendor. And, for
5 instance, the top one is -- we purchased one LSD blotter from a
6 vendor by the name of fredthebaker, and the status of the order
7 was in transit, which means that they had marked it as being
8 shipped and mailed to us. And it was notifying us that that
9 order went out and finalized within 17 days and that we had an
10 option on the right-hand side to finalize or try to resolve an
11 issue with the order.

12 Q. Again, just to be clear, if the product comes, you click
13 "Finalize"?

14 A. That would then release the funds to the vendor.

15 Q. And if you click "Resolve," what happens?

16 A. The resolve option, once available, you could then go into
17 almost like arbitration with the -- between Silk Road and the
18 vendor, so basically you are going to try to resolve an issue
19 that you have with the vendor.

20 Q. Who were the arbitrators?

21 A. That would be Silk Road.

22 Q. Was there like customer support staff that would do that?

23 A. There was customer support staff that was within Silk Road.

24 Q. So if I am a buyer and I say that I don't get my drugs,
25 what would the support staff do?

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1 A. They would then do their own investigation into the
2 transaction and review whatever history --

3 MR. DRATEL: I object, your Honor.

4 THE COURT: Sustained. You need to build a foundation
5 for that.

6 MR. TURNER: Sure.

7 BY MR. TURNER:

8 Q. Do you know what a customer support staff member would do
9 in the event of a dispute?

10 A. Yes, I do.

11 Q. How do you know?

12 A. I -- I was working as an administrator for a few months. I
13 also kept routine, constant contact with other administrators
14 that ran the customer support and would discuss those matters
15 with them.

16 Q. So based on that experience, what do you know that would
17 happen in the event of a customer resolution dispute?

18 A. They would look into the transaction itself. They would
19 review private messages between the buyer and the vendor, and
20 they would try to -- they would also do, similar to what we
21 did, which is go onto blockchain, see if everything matches,
22 and basically see if the transaction was -- actually did occur
23 the way it did. And then they would also probably review
24 previous history, as well, with the vendor. If there is a
25 history with them maybe not shopping product, then they may,

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1 you know, side against them. If there is a history of the
2 buyer constantly claiming they never got something, then they
3 would probably side with the vendor.

4 Q. And how, if at all, would Silk Road make any money from
5 these sales?

6 A. Silk Road made a commission on every transaction.

7 Q. How do you know that?

8 A. Because it was publicly talked about by the people that --
9 the person that ran Silk Road as well as it was -- I tested it
10 using a vendor account that I took over that I was able to
11 create a listing and set a price for it, and once I looked at
12 that same item then from a public standpoint, the value of that
13 item went up to -- and it went up enough that matched what the
14 advertised commission rates were.

15 Q. So after a vendor would get paid, the payment would be in
16 bitcoins, right?

17 A. Yes.

18 Q. What could the vendor do to then convert the bitcoins into
19 real currency?

20 A. The vendor then would have to find an exchanger, and in
21 almost the reverse of purchasing bitcoins, would have to then
22 exchange the bitcoins for real currency.

23 Q. And where could they do that?

24 A. The same exchange that we used, Mt. Gox, you could do that.
25 There was various other exchangers that you could use, other

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Der-Yeghiayan - direct

1 companies similar to Mt. Gox. There is also options of selling
2 the bitcoins. Even on the Silk Road site itself, you could
3 sell them, exchange them for U.S. currency. You could exchange
4 them for gold. You could exchange them for other things of
5 item value. And you could even resell the bitcoins yourself on
6 Silk Road as a vendor and exchange -- get cash in the mail.

7 Q. So did you prepare any sort of flow chart to boil down how
8 this whole payment system works that we have been talking about
9 for the past half hour?

10 A. Yes, I did.

11 Q. Could you take a look at Government Exhibit 113A.

12 A. OK.

13 Q. Do you recognize this document?

14 A. Yes, I do.

15 Q. What is it?

16 A. It's an example of how a Silk Road payment would be
17 conducted.

18 Q. Would it aid your testimony in explaining these concepts to
19 show this chart to the jury?

20 A. Yes, it would.

21 MR. TURNER: We would ask to show the demonstrative to
22 the jury, your Honor.

23 MR. DRATEL: No objection.

24 THE COURT: All right. You can go ahead and do that.
25 It is received as a demonstrative.

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Der-Yeghiayan - direct

1 (Government's Exhibit 113A received in evidence)

2 MR. TURNER: Mr. Evert, could you publish the exhibit.

3 Q. Could you just walk us through step-by-step?

4 A. Sure. So starting up on this up here on the left-hand
5 side, this basically reflects, again, as you saw with our
6 example, when we have money in our bank account and you want to
7 purchase bitcoins, if you have real currency, then you would go
8 to an exchanger and you would exchange your money for bitcoins.
9 And then once you exchange it, you then transfer it to your
10 buyer account on Silk Road. And then you place an order for
11 whatever item that you wish to buy from the website.

12 Once that order is placed, the bitcoins themselves are
13 held in escrow by Silk Road. From that point, once the order
14 is received and the buyer marks it as being finalized, he will
15 then -- then Silk Road will get its commission rate, and then
16 the vendor is paid their money so the bitcoins are released to
17 the vendor.

18 From the vendor, then if they want to now get their
19 money or transfer their bitcoins and make it into money, they
20 would do something similar where they would then go to an
21 exchanger and they would receive their cash.

22 (Continued on next page)

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1 MR. TURNER: Your Honor, I have another transition
2 point if the Court wants to take a break.

3 THE COURT: Let's go ahead and take a mid-morning
4 break. Ladies and gentlemen, let me give you a sense as to how
5 the schedule will work this morning so you'll predict when your
6 breaks are.

7 We'll take a break now for about seven- to eight
8 minutes, how ever long it takes you folks to get
9 yourselves -- stretch your legs and then get back in order to
10 come back into the room. Then we're going to take lunch today
11 and every day from 12:45 until 2:00, about an hour and 15
12 minutes for lunch. So we won't take a break unless somebody
13 needs to after this one this morning until we take our lunch
14 break. Obviously, if you need to take a break at any time,
15 make eye contact with me or Joe and we'll take an extra break
16 if we need to.

17 That's the schedule. Let's take a short break now. I
18 want to remind you not to speak to each other or anybody else
19 about anything having to do with this case.

20 Thank you.

21 (Jury excused)

22 (Continued on next page)

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Der-Yeghiayan - direct

1 (In open court; jury not present)

2 THE COURT: Let's all be seated.

3 I have one matter I want to raise. I want to note
4 that for the evidentiary objections, most of the -- all of them
5 have so far been dealt with in my motion *in limine* ruling and I
6 just wanted to make sure that I had connected what the receipt
7 of those materials connects to.

8 There's an exception, which is Government Exhibit 108
9 had not been objected to as part of the pretrial process,
10 nevertheless, as I had indicated pretrial, if there are things
11 which arise which change what you might not have thought was an
12 objectionable document and it becomes an objectionable
13 document, then I'm nonetheless willing to entertain that, but
14 in general, I'll be following the objections lodged on the
15 pretrial order and if it becomes important to do so or
16 appropriate to do so, I'll be questions why there's been a
17 change. Sometimes it's just an oversight because there's a
18 long list of similar documents and 108 was of that type.

19 That is what I had wanted to put on the record. Let
20 me just state I think that, so that's it's clear, that the
21 listings that are coming on were referred to by the government
22 as listings that indicated particular narcotics, etc., not as
23 simply text on a page which had the word for those narcotics
24 and therefore, they fall under the coconspirator exception of
25 the hearsay rule and that's the basis for allowing them in for

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1 the truth. They're obviously directly relevant to the
2 government's charges in this case: So that connects up to the
3 *in limine* ruling which went through the rationale and case law
4 in some more depth.

5 Is there anything that you folks would like to put on
6 the record at this time or otherwise raise?

7 MR. TURNER: No. Thank you.

8 MR. DRATEL: No, your Honor. Thank you.

9 THE COURT: Let's take our own brief break. Thank
10 you.

11 THE DEPUTY CLERK: All rise.

12 (Recess)

13 (Continued on next page)

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Der-Yeghiayan - direct

1 (In open court; jury present)

2 THE COURT: Let's be seated.

3 Mr. Turner, you may proceed, sir.

4 MR. TURNER: Thank you.

5 Q. So Mr. Der-Yeghiayan, you mentioned before you did some
6 undercover buys on Silk Road?

7 A. Yes, I did.

8 Q. Approximately how many did you do?

9 A. Over 50.

10 Q. Did you focus on vendors selling from outside the United
11 States or inside the United States?

12 A. Mostly outside the United States.

13 Q. Why was that?

14 A. Being that we were working at the international mail hub
15 and we were receiving in so many international shipments,
16 that's what we were focused on.

17 Q. Can you take a look at what's been marked as Government
18 Exhibit 103A. Do you recognize the pages in this document?
19 Tell me when you're there.

20 A. 103A? Yes.

21 Q. How do you recognize them?

22 A. As a screen shot that I took and as well as photographs
23 that I was -- I witnessed.

24 Q. And what are they screen shots and photographs concerning?

25 A. Screen shot of a purchase of drugs that we did, undercover

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Der-Yeghiayan - direct

1 purchase from Silk Road and also the drug that we received.

2 MR. TURNER: Your Honor, the government offers
3 Government Exhibit 103A into evidence.

4 MR. DRATEL: Just the previous objection.

5 THE COURT: All right. Government Exhibit 103A is
6 received.

7 (Government's Exhibit 103A received in evidence)

8 Q. Could you walk us through what these pages reflect.

9 A. So this is a screen shot from Silk Road of an item that we
10 purchased, that I purchased that was from a seller that was
11 from the Netherlands. The seller went by the name of uglydoll,
12 and we were purchasing brown heroin, and it's .2 grams.

13 Q. Next page.

14 A. This is a photograph of an envelope that I retrieved from
15 our undercover P.O. box that was addressed as we -- same name,
16 same address that we put in our order. And I also know this
17 came from the Netherlands, that's in the next photograph, based
18 upon the stamp that's on there, and that it's also -- there was
19 a stamp over it that shows it came from the Netherlands. The
20 next page.

21 Q. What did you find inside?

22 A. So inside of it, once we opened up the envelope, there was
23 a blue piece of paper that was in there that was taped
24 together. So the next photograph shows us after we cut into
25 the blue piece of paper, and behind that or inside of it, I

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Der-Yeghiayan - direct

1 should say, was a vacuum-sealed clear plastic bag that also
2 contained multiple other plastic bags that had a brown powder
3 substance that later tested positive for heroin.

4 Q. Go on to Government Exhibit 103B. Do you recognize these
5 pages?

6 A. Yes, I do.

7 Q. What are they?

8 A. It's a screen shot that I witnessed for a control buy and
9 then also photographs that I witnessed when we seized some
10 drugs.

11 MR. TURNER: The government offers Government
12 Exhibit 103B into evidence.

13 MR. DRATEL: Same objection. Can we just get a date
14 on this?

15 MR. TURNER: Sure.

16 Q. Do we have a time frame for these photos?

17 A. The screen shot was taken March 6, 2013 and then the
18 photographs were taken on March 19, 2013.

19 THE COURT: All right. Government Exhibit 103B as in
20 boy is received.

21 (Government's Exhibit 103B received in evidence)

22 Q. Is this the same crack cocaine that we saw earlier?

23 A. This is the same.

24 Q. Did you try to purchase the product?

25 A. Yes, we did.

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1 Q. What happened?

2 A. So, this order was placed. And then shortly thereafter, it
3 was about two weeks later, we received this envelope in the
4 mail and it came from Germany, so those are German stamps on
5 the outside.

6 The vendor himself advertised actually that they would
7 ship from the Netherlands, but what we found inside was the
8 addressee -- I'm sorry, two screen shots, the next one -- the
9 addressee had a German address and they're a German company.
10 It says company Indoor Play.

11 Q. Is this the return address?

12 A. This is the return address on the package on the outside.
13 But if you turn to the next page, this is also found inside the
14 envelope that showed that the item was mailed through Postnl,
15 which is for the Netherlands mail system.

16 Q. They used a German stamp and mailed it through the
17 Netherlands mail system?

18 A. Yes. And it was addressed to our undercover name and our
19 undercover P.O. box.

20 Q. Next page, please.

21 A. So this is the reverse side of the envelope showing you the
22 envelope and then the next photograph shows you just sort of
23 size, we put a pen there that wasn't with the package, as well
24 as what was inside of it, which was -- showed several sheets of
25 paper. And the next shot shows us, when you open the piece of

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Der-Yeghiayan - direct

1 paper, there was a piece of black foil that was in there that
2 appeared to have items inside of it.

3 Q. Was this sealed in any way?

4 A. It was vacuum-sealed. And the next photograph, once you
5 cut open into this black vacuum-sealed foil, it had a clear
6 plastic baggie, which contained a white, crystal-like substance
7 that later on tested, and that's the next photograph,
8 field-tested positive for cocaine using the reagent test kit.

9 Q. So how many undercover purchases in total, again, like this
10 did you make?

11 A. Over 50.

12 Q. And how many different dealers did you order from?

13 A. At least over 40.

14 Q. And how many different countries were they from?

15 A. From approximately about ten or so.

16 Q. And how many of the orders resulted in shipments being sent
17 to the address you supplied?

18 A. Nearly all of them.

19 Q. How many contained what appeared to be drugs?

20 A. Nearly all of them.

21 Q. Did you send what you received to the lab for testing?

22 A. Yes, we did.

23 Q. And how many tested positive for the drug they were
24 supposed to be?

25 A. Nearly all with I think an exception of one or two.

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Der-Yeghiayan - direct

1 Q. Could you turn to Government Exhibit 801, please.

2 A. 108?

3 Q. 801.

4 MR. TURNER: Your Honor, actually, this is just a
5 stipulation.

6 THE WITNESS:

7 A. I don't --

8 MR. TURNER: I'd like to read in a stipulation between
9 the parties marked as Government Exhibit 801A. It concerns
10 another Exhibit 801.

11 THE COURT: Let me just explain to the ladies and
12 gentlemen of the jury what a stipulation is. A stipulation is
13 an agreement reached between the government and the defendant
14 and his counsel regarding certain facts and you can accept
15 those facts as stated in the stipulation as true.

16 You may proceed, Mr. Turner.

17 MR. TURNER: Can you publish Government Exhibit 801A,
18 Mr. Evert.

19 It is hereby stipulated and agreed by and between -- a
20 little bigger so I can read it, thank you -- by and between the
21 United States of America, by Preet Bharara, United States
22 attorney for the Southern District of New York, Serrin Turner
23 and Timothy Howard, Assistant United States Attorneys, of
24 counsel, and Ross Ulbricht, by and through his counsel, Joshua
25 Dratel, Esq., as follows:

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1 If called to testify, Heather M. Miller, a senior
2 forensic chemist with the Drug Enforcement Administration,
3 would testify that:

4 1. Government Exhibit 801 is a summary chart
5 reflecting 52 substances that were submitted for laboratory
6 testing to the DEA North Central Laboratory in Chicago,
7 Illinois by Homeland Security Investigations Special Agent
8 Jared Der-Yeghiayan.

9 (a) The column labeled "Seizure Number" indicates the
10 seizure number associated with the substance.

11 Mr. Evert, can you put up Government Exhibit 801
12 underneath here. Zoom in in the first few lines.

13 (b) The column labeled "Seizure Number" indicates the
14 seizure number associated with the substance.

15 (c) The column labeled "Date Analyzed" indicates the
16 date the substance was laboratory tested.

17 (d) The column labeled "Net Weight" indicates the
18 weight of the substance submitted for testing, after removal of
19 any packaging.

20 And to the next page. You can zoom in past paragraph
21 two there. That's fine.

22 (e) The column labeled "Drug Detected" indicates any
23 illegal drugs the substance was found to contain through
24 testing a sample of the substance, using reliable laboratory
25 procedures.

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(f) The columns labeled "Purchase Date" and "Vendor" reflect information provided by Special Agent Der-Yeghiayan concerning the date when each substance was purchased from the Silk Road website and the vendor from whom the purchase was made.

2. As reflected in Government Exhibit 801, all but one of the 52 substances tested positive for illegal drugs.

So taking a look at Government Exhibit 801, can you confirm that in the second and third columns "purchase date" and "vendor" accurately reflect the dates of your purchases and the vendors you purchased them from?

A. They do.

MR. TURNER: So the government moves 801 and 801A into evidence, your Honor.

MR. DRATEL: No objection.

THE COURT: Received.

(Government's Exhibits 801 and 801A received in evidence)

Q. Now, besides illegal drugs, were there any other illegal goods sold on the Silk Road website as well?

A. Yes, there was.

Q. And in particular, do you know whether fake IDs were offered for sale on Silk Road?

A. Yes, they were.

Q. And where were those offers found?

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Der-Yeghiayan - direct

1 A. There was a forgeries category on Silk Road.

2 Q. Can you take a look at what's been marked as Government
3 Exhibit 116A, please.

4 A. Okay.

5 Q. Do you recognize this exhibit?

6 A. Yes, I do.

7 Q. How do you recognize it?

8 A. It is a screen shot that I took from the forgery section of
9 Silk Road on August 4, 2012.

10 MR. TURNER: The government offers Exhibit 116A into
11 evidence.

12 MR. DRATEL: The same objection.

13 THE COURT: Government Exhibit 116A is received.

14 (Government's Exhibit 116A received in evidence)

15 Q. So you said this was from a forgery section of the website.
16 Where is that located on this page?

17 A. In the upper left-hand corner under the categories list, it
18 reflects that there's a forgery section which included fake IDs
19 and passports.

20 Q. And could you just walk us through what's reflected on the
21 right-hand side, what sort of offerings are there?

22 MR. TURNER: Can you zoom in a little bit, Mr. Evert.

23 A. I can read off here, too. There's the, like, the top
24 listing is for a UK driver's license, which also advertises
25 that there's holograms on it and it's scannable, as well as

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Der-Yeghiayan - direct

1 forged prescription labels that can be customized, as well as
2 it says 100-percent tested working, printable coupon
3 collection, and then an official UK passport, as well as UK
4 driver's license photo card and that comes with, it says, it
5 advertises with a UV as well as hologram and a Polish national
6 ID card.

7 Q. How common was it for you to see listings like this for
8 fake IDs, passports?

9 MR. DRATEL: Objection.

10 THE COURT: Why don't you restate.

11 MR. TURNER: Sure.

12 Q. Was this the only time you saw offerings like this on the
13 website or not?

14 A. No. From the beginning of my investigation until the end,
15 there was a forgery section.

16 Q. Did you come across -- did you ever come across any
17 offerings relating to computer hacking on Silk Road?

18 A. Yes, I did.

19 Q. Where on the website would you see those?

20 A. Under various categories. There's a digital section as
21 well as, like, other, like, computer equipment type of
22 sections.

23 Q. Anything else in the other sections that it would appear
24 in?

25 A. If I had -- let's see here. I think it was digital goods

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1 and electronics.

2 Q. Could you take a look at what's been marked as Government
3 Exhibit 116B. Do you recognize this exhibit?

4 A. Yes, I do.

5 Q. How do you recognize it?

6 A. It's a screen shot that I took from Silk Road of a hacking
7 tools listing.

8 MR. TURNER: The government offers Government
9 Exhibit 116B into evidence.

10 MR. DRATEL: The same objection.

11 THE COURT: Government Exhibit 116B is received.

12 (Government's Exhibit 116B received in evidence)

13 MR. TURNER: Can you zoom in up at the top, Mr. Evert.

14 Q. Okay. So, it says huge hacking pack, 150 plus hacking
15 tools and programs.

16 MR. TURNER: Then, Mr. Evert, can you scroll down.
17 That's fine.

18 Q. The description is huge 3GB plus action pack, it's probably
19 the best deal on Silk Road to date, no, this is not a pack full
20 of outdated, ineffective programs, all software files have been
21 updated in the past two months and are guaranteed to work.

22 I'll read a few of them account creator, admin page finder,
23 aircracking for Windows, anonymous high orbit canon.

24 Can you go all the way down.

25 This pack includes almost every hacking-related tool

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Der-Yeghiayan - direct

1 available from white-hat (clean code) to black-hat (SpyEye,
2 ZeuS, etc.) I will continuously be compiling and updating this
3 pack. I will also be raising the price of this pack to \$50 in
4 the next month.

5 To the only person that gave something other than 5/5.
6 1/5 got virus in it.

7 Are you serious? You purchased a hacking pack loaded
8 with keyloggers, RATS, banking Trojans and other various
9 malware. If that doesn't set off AV, I don't know what will.
10 If you're still unsure of the programs, run in a VM or
11 Sandboxed. Please don't purchase my listings if you lack
12 common sense. If you have any questions, feel free to send a
13 message. sniffsniff.

14 Do you know, by the way, what malware means?

15 A. Yes, I do.

16 Q. What does it mean?

17 A. It's a program that it's, like, a virus basically that will
18 be placed on a computer.

19 Q. What does AV mean in this context? Do you have any idea?

20 A. I don't know -- or antivirus, I guess, actually. Sorry.

21 MR. DRATEL: Objection. Well --

22 THE COURT: Hold on. Is it withdrawn?

23 MR. DRATEL: Yes.

24 THE COURT: All right. Thank you.

25 You may proceed.

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1 A. Sorry. Antivirus. A lot of acronyms.

2 Q. So you said -- we covered all transactions on Silk Road had
3 to be paid for in bitcoins. And I think you mentioned earlier
4 that -- well, I'll just ask you, was there anywhere on Silk
5 Road that you could go to in order to exchange bitcoins for
6 cash or currency?

7 A. Yes, there was.

8 Q. And where were those exchange services offered on the site?

9 A. There was a money section on Silk Road.

10 Q. So, take a look at what's been marked as Government
11 Exhibit 116C, please. Do you recognize this exhibit?

12 A. Yes, I do.

13 Q. How do you recognize it?

14 A. It's a screen shot that I took of the money section, money
15 category of Silk Road.

16 Q. Time period do you have?

17 A. It's from August 4, 2012.

18 MR. TURNER: The government offers Government
19 Exhibit 116C into evidence.

20 MR. DRATEL: Same objection, your Honor.

21 THE COURT: Government Exhibit 116C is received.

22 (Government's Exhibit 116C received in evidence)

23 Q. Can you show us where the money categories is reflected
24 here?

25 A. Again, on the upper left-hand side of the category, it

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Der-Yeghiayan - direct

1 shows that there's money, as well as subcategories within the
2 money section of bullion, digital currencies and loans.

3 MR. TURNER: And can you zoom in, Mr. Evert, on the
4 first two.

5 Q. So did you look at the descriptions of offerings like
6 these?

7 A. Yes, I did.

8 Q. And what sort of offerings -- what sort of things did they
9 offer?

10 A. Well, for instance, this top listing here it says 20-dollar
11 bill and that's -- essentially they'll -- you're buying a
12 20-dollar bill of bitcoins, so basically you're exchanging out
13 your bitcoins for 20-dollar bills being mailed to you and the
14 other --

15 Q. To be clear, was it one 20-dollar bill being offered or
16 could you just order as many as you like?

17 A. You can order as many as you like, but the price set was
18 2.35 bitcoins per 20-dollar bill, so you can buy multiple.
19 There's an option to put multiple numbers when you're buying
20 your listing depending on how many is available, of course.

21 Q. And the next listings says "I will buy your extra
22 bitcoins." To be clear, what's on the side there, what kind of
23 coins?

24 A. The image is really hard to see here.

25 Q. Are they actual bitcoins?

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Der-Yeghiayan - direct

1 A. No, they're not.

2 Q. Bitcoins are purely digital, right?

3 A. Yes.

4 Q. So it says "I will buy your extra bitcoins." What did
5 offerings like that offer?

6 A. So this is a vendor that's offering to purchase bitcoins.

7 So if there's any extra bitcoins remaining in someone's account
8 after they boxed something and they don't want them anymore or
9 they don't -- they can't use it to buy something else, then
10 they could go to a vendor like this on Silk Road and basically
11 transfer their bitcoins and they'd give them something of
12 equivalent cash or something through the mail.

13 Q. So if you're a drug dealer on Silk Road, what did offerings
14 like this allow you to do?

15 A. So something like this would allow you to basically
16 liquidate or launder your own proceeds that you were making as
17 a vendor on Silk Road.

18 MR. DRATEL: Objection.

19 THE COURT: Sustained.

20 Q. Without using legal characterizations, what did offerings
21 like this allow a drug dealer on the site to do?

22 MR. DRATEL: Objection.

23 THE COURT: Sustained.

24 You can approach it differently, but you can't
25 approach it that way.

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Der-Yeghiayan - direct

1 MR. TURNER: Okay.

2 Q. If you're a vendor on the site and you have a lot of
3 bitcoins from your activity on the site, what did these
4 offerings allow you to do with those bitcoins?

5 MR. DRATEL: I still object.

6 THE COURT: I'll allow this.

7 A. So, as a vendor on the site, a listing like this would be
8 utilized to, if you earned bitcoin proceeds, to -- which every
9 transaction is bitcoins, so all the money you're receiving for
10 your drugs, you could then, instead of taking it offline off
11 Silk Road and moving it to an exchange, you could just simply
12 find a vendor like this on Silk Road and give them your
13 bitcoins and they would then give you cash. You never really
14 have to take your money off the website.

15 THE COURT: Let me just ask you whether or not you
16 ever exchanged bitcoins for cash using Silk Road?

17 THE WITNESS: I never used it, but my other -- there
18 are people that we -- accounts we took over that were doing
19 that.

20 THE COURT: So in the course of performing your duties
21 and responsibilities, you became familiar with the exchange of
22 bitcoins for cash through Silk Road?

23 THE WITNESS: Yes.

24 THE COURT: You may proceed.

25 Q. Just to elaborate on that a little more, you took over an

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Der-Yeghiayan - direct

1 account that was engaged in this sort of activity?

2 A. Took over several accounts that were doing this.

3 Q. And did you review the private -- did you review the
4 activity reflected in that account after taking it over?

5 A. Yes, we fully recorded the account.

6 Q. And how could you tell they were engaged in this sort of
7 activity?

8 A. So, a few of the vendors that we took over, they had either
9 direct listings that they would do things such as this or they
10 would be buying from other vendors that were offering to
11 purchase bitcoins, and we could see the transactions occur
12 directly right on the site through their history as well as
13 through their -- there's, like, private messages that they
14 have.

15 Q. Let's talk about those private messages. Besides enabling
16 users to purchase items on the site, did Silk Road have any
17 features that allowed users to communicate with one another?

18 A. Yes, there was.

19 Q. And what was that system called?

20 A. It was called the private message system.

21 Q. And how did it work?

22 A. It was a internal messaging, sort of similar to, like,
23 emailing or sending messages between users.

24 Q. Can you take a look at what's been marked as Government
25 Exhibit 117A.

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Der-Yeghiayan - direct

1 A. Okay.

2 Q. Do you recognize this document?

3 A. Yes, I do.

4 Q. How do you recognize it?

5 A. It's a screen shot that I took of an account that I took
6 over on Silk Road.

7 Q. What part of the account?

8 A. This is the overview of and the in box of that user's
9 messaging -- the messaging system.

10 MR. TURNER: The government offers Government
11 Exhibit 117A into evidence.

12 MR. DRATEL: No objection.

13 THE COURT: Government Exhibit 117A is received.

14 (Government's Exhibit 117A received in evidence)

15 Q. Actually, let me clarify. You talked about taking over
16 account it, right?

17 A. Yes.

18 Q. And among the accounts you took over were vendor accounts?

19 A. Yes.

20 Q. And what did you do with those vendor accounts that you
21 took over?

22 A. When we took over the vendor accounts, we'd fully document
23 them, so we'd go through all of the different available options
24 and all of the information, the history that was on the
25 account. Sometimes we'd leave it up for a day or two, but we

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Der-Yeghiayan - direct

1 wouldn't actually -- after that, we would then shut it down.

2 Q. You never used the accounts actually to sell drugs in an
3 undercover capacity?

4 A. No, we did not.

5 Q. All right. Could you explain what is reflected in
6 Government Exhibit 117A.

7 MR. TURNER: Mr. Evert, can you zoom in a little bit
8 and include the in box on the side there. Thank you.

9 A. So on the left-hand side, it's bold, sort of hard to see.
10 The in box, it just reflects that we're in an in box right now.
11 There was also a section for unread messages and those are
12 usually highlighted bold as well on your in box. And then
13 there was a sent section, as well as a bulk reply section. So
14 if you want to reply to multiple users at the same time, you
15 could reply to multiple users.

16 Q. And if you clicked on one of the messages, what would show
17 up?

18 A. On this instance, if you click on the message, the message
19 that was sent from that user would appear.

20 Q. Take a look at Government Exhibit 117B. Do you recognize
21 this document?

22 A. Yes, I do.

23 Q. How do you recognize it?

24 A. As a screen shot that I took, again, in the same account
25 that I took over from May 17, 2013.

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Der-Yeghiayan - direct

1 MR. TURNER: The government offers Government
2 Exhibit 117B into evidence.

3 MR. DRATEL: The same objection.

4 THE COURT: Government Exhibit 117B is received.

5 (Government's Exhibit 117B received in evidence)

6 Q. What's reflected here?

7 A. This is logged in as that same user that was on the
8 previous.

9 Q. To be clear, where is that username located?

10 A. On the upper right-hand corner it says hi and then the
11 username in bold. This is -- once clicked into one of the
12 messages, this one in particular on the upper left-hand corner
13 it says from the user SuperTrips, so this is a dialogue between
14 that user account and SuperTrips.

15 And basically, there's a dialogue box that you can
16 enter your message and then there's a history of messages below
17 it. And the history is basically from the most recent received
18 which is at the top down to the oldest message at the bottom.

19 Q. It's like an email chain basically?

20 A. It's like an email chain; yes.

21 MR. TURNER: Can you zoom out.

22 Q. And if you want to reply to the email chain, what do you
23 do?

24 A. In the dialogue box up above, you would just simply enter a
25 message and then click the button go.

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Der-Yeghiayan - direct

1 Q. In what other ways did Silk Road use to communicate with
2 one another?

3 A. There was also the forum that were available from Silk
4 Road.

5 Q. And what do you mean by forums?

6 A. So there was a totally separate website that was a forum,
7 an online forum where you could post messages and threads and
8 you could discuss anything basically with other users.

9 Q. What do you mean by threads? Can you just explain to the
10 jury what that concept is.

11 A. So basically, as a user on an online forum, you could sign
12 up to become a user. And if you ever wanted to post a message
13 to everybody, it's called a thread. So you basically start a
14 dialogue box with the entire community and so you create a
15 thread. You can say whatever you want and then any user could
16 reply to that thread in what's referred to usually as posts.
17 So posts would follow in a thread.

18 Q. So your public conversation?

19 A. Yes.

20 Q. How would you get to these forums?

21 A. The forums, there was a link on the marketplace to get to
22 it at the bottom.

23 Q. So when you say marketplace, what do you mean?

24 A. Silk Road itself generally referred to as marketplace and
25 then the Silk Road forums were referred to as Silk Road forums.

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Der-Yeghiayan - direct

1 Q. The marketplace -- let's take a look back at Government
2 Exhibit 132.

3 Is this the marketplace?

4 A. This is the marketplace.

5 Q. Why don't you just -- up in the top left corner there's a
6 green camel sort of logo. Was that affiliated with Silk Road?

7 A. Yes, it was.

8 Q. Was it on every page of their website?

9 A. Yes, it was.

10 Q. And where is the link to the community forums, the
11 discussion forums?

12 A. Bottom right-hand corner that says community forums and
13 that would be a link to take you to the forums, which were also
14 another hidden service on Tor. It's another dot-onion URL.

15 Q. Can you take a look at what's been marked as Government
16 Exhibit 118, please.

17 A. Okay.

18 Q. Do you recognize this document?

19 A. Yes, I do.

20 Q. How do you recognize it?

21 A. It's a screen shot that I took of the Silk Road forums.

22 Q. What date?

23 A. From December 27, 2012.

24 MR. TURNER: The government offers Government
25 Exhibit 118 into evidence, your Honor.

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Der-Yeghiayan - direct

1 MR. DRATEL: The same objection, your Honor.

2 THE COURT: Government Exhibit 118 is received.

3 (Government's Exhibit 118 received in evidence)

4 Q. So what's reflected here?

5 A. So this is -- these are the forums and each one of those
6 yellow lists or yellow categories is a separate subforum. So
7 the first one is Silk Road discussion and there are subforums
8 on security, subforums on shipping, drug safety and so on. And
9 these -- each one of those subforums would contain the threads
10 that users wanted to post in that -- in those particular
11 arenas.

12 Q. And was membership on the forums included when you signed
13 up for an account on the Silk Road marketplace or did you have
14 to create a separate account on the forums?

15 A. The forums themselves weren't connected to the marketplace
16 by username. You would have to create another username and
17 password to access the forums.

18 Q. And did you yourself have any accounts in the forums during
19 your investigation?

20 A. Yes, I did.

21 Q. Did you familiarize yourself with the sort of postings that
22 appeared there?

23 A. Yes, I did.

24 Q. So just explain a little more. What sort of things would
25 people post about in these various categories?

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Der-Yeghiayan - direct

1 A. So, for instance, like, the Silk Road discussion forum
2 would have general discussions about the Silk Road, anything
3 that had to do with the market for the most part, any type of
4 gossip that revolved around the market, there would be pretty
5 much an overview type of discussion, or anything that was
6 really popular, that's where you'd generally find a lot of the
7 dialogue, in that forum.

8 And the security subforum, you'd find topics or as it
9 says in there about Tor, about bitcoins, about trying to keep
10 your computer secure in the sense of trying to still remain
11 anonymous while operating online.

12 There's also a shipping category where you'd find a
13 lot of different threads talking about how to ship things
14 safely to your house or how to not be detected, different ways
15 to conceal packages, different ways to avoid Customs, different
16 ways to avoid law enforcement, what to do if law enforcement
17 does deliver something to you and how to react.

18 And then there was also a drug safety forum where they
19 try to discuss how to use drugs safely and how to -- just
20 different affects of different types of drugs.

21 As well as a philosophy section, and it's economics
22 and law where there was a lot of different philosophical
23 discussions, all based around different things.

24 And then an off-topic section where there were a lot
25 of posts about -- and threads about pretty much anything.

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1 Anything pretty much was okay there.

2 MR. TURNER: Can you scroll down, please.

3 THE COURT: Can you date when this screen shot was
4 taken?

5 THE WITNESS: Yes, your Honor. It was December 27,
6 2012.

7 THE COURT: All right. Where do you get that
8 information from?

9 THE WITNESS: It's from the meta data that's on the
10 next page on the right-hand side, so the picture properties.

11 THE COURT: All right. Thank you.

12 Q. Just briefly, let's take product offers in the middle, what
13 was posted there?

14 A. In product offers, the vendors from Silk Road, a lot of
15 them had accounts on here on the forums that would post
16 different products that they would either have for sale, they'd
17 write up their own reviews, they'd discuss them on there, they
18 liked to have threads that are up there for people to ask
19 questions about.

20 Q. Can you take a look at Government Exhibit 118A. Do you
21 recognize this document?

22 A. This is another screen shot I took of the forums. This is
23 inside the product offers subcategory or subforum taken
24 December 27, 2012.

25 MR. TURNER: The government offers Government

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Der-Yeghiayan - direct

1 Exhibit 118A into evidence.

2 MR. DRATEL: Same objection, your Honor.

3 THE COURT: All right. Government Exhibit 118A is
4 received.

5 (Government's Exhibit 118A received in evidence)

6 Q. Briefly, could you explain how the structure of the forums
7 worked here. Where are we in the forums?

8 MR. TURNER: Go ahead, Mr. Evert.

9 A. This would be after clicking into one of the subforums. If
10 we clicked on the product offer forum, it would take us to a
11 page that would look like this that then would display the most
12 recent threads from top to bottom.

13 And so, if a user would post a message on any
14 particular thread, that thread would automatically go to the
15 top of the page. There were threads that were referred to as
16 being sticky, which then were stuck to the top and in this
17 instance, that was reflected in the yellow color. So that
18 first thread that's up on there, it says "to list offers in
19 product offered section of forums," that was a sticky thread by
20 one of the moderators of the forum; and then there was
21 also -- then all of the threads underneath it were ones that
22 were the most recent threads.

23 Q. So then you click on a thread, then what happens?

24 A. You click on a thread and it opens up and there would be
25 the first initial post of the thread. And you can read through

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Der-Yeghiayan - direct

1 and if there's multiple pages, it would be indicated sort
2 of -- on this page, too, you can see "1, 2, 3...14," that means
3 there's 14 pages of posts in that particular thread.

4 MR. TURNER: Let's look at Government Exhibit 118B,
5 please.

6 THE COURT: Before we leave Government Exhibit 118A,
7 did you yourself click on some of these threads.

8 THE WITNESS: Yes, I did.

9 THE COURT: And they performed as you stated?

10 THE WITNESS: Yes, I did.

11 THE COURT: And if you turn back to Government
12 Exhibit -- I'm sorry. That was Government Exhibit 118A. If
13 you turn back to Government Exhibit 118, did you, in fact,
14 determine whether or not the content of any of these topical
15 references, in fact, contained words that were consistent with
16 that content?

17 THE WITNESS: Yes, I did, your Honor.

18 THE COURT: All right. Thank you.

19 Now, you can proceed, Mr. Turner.

20 Q. Along those lines, how many hours would you say you spent
21 on the Silk Road forums?

22 A. Probably thousands.

23 Q. Can you take a look at Government Exhibit 118B, please. Do
24 you recognize this document?

25 A. Yes, I do.

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Der-Yeghiayan - direct

1 Q. How do you recognize it?

2 A. It is a screen shot that I took of a thread that was in the
3 rumor mill section of the forum.

4 MR. TURNER: We offer Government Exhibit 118B into
5 evidence.

6 MR. DRATEL: Objection also, your Honor, with respect
7 to the date.

8 THE COURT: Yes. Let's hold on 118B. Can you come
9 back to that, Mr. Turner, or we can take a side bar if it's
10 going to be difficult for you to do that.

11 MR. TURNER: Sure.

12 (Continued on next page)

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Der-Yeghiayan - direct

1 (At the side bar)

2 THE COURT: For a number of the most recent exhibits,
3 which I was going to take up at the break there actually
4 haven't been objection that had been noted on the pretrial
5 order. So you've been saying objection, same objection, but,
6 for instance, for 116A, for 116B, for 117A and for 117B there
7 hadn't been objections on the pretrial order.

8 MR. DRATEL: Right.

9 THE COURT: So we can talk about if you have a new
10 objection.

11 MR. DRATEL: I didn't want to --

12 THE COURT: -- at a break.

13 MR. DRATEL: That's fine.

14 THE COURT: Now, which brings me to 118B, which hadn't
15 been part of what I had reviewed as part of the pretrial order.
16 So I had not had an opportunity to go over this particular
17 document yet or to discuss what the issues might be. It's a
18 little bit different from some of the others because from my
19 very quick glance, it appears to have additional discussion, so
20 I need to evaluate whether or not there are any hearsay issues
21 or each if there's a hearsay objection.

22 MR. TURNER: To be clear, we're not offering any of it
23 for the truth. All we're doing is providing a tour of the
24 website so the jury understands what we're going to be talking
25 about later when we talk about forum posts of the Dread Pirate

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Der-Yeghiayan - direct

1 Roberts. So we would be fine with your Honor instructing the
2 jury that this has not been offered for the truth.

3 THE COURT: All right.

4 Mr. Dratel, tell me the nature of your objection so we
5 have it on the record.

6 MR. DRATEL: One is what your Honor recognizes, that
7 is, we don't know whether any of these people are
8 coconspirators who are posting in it, so there's a hearsay
9 objection. The other is the date is markedly different on this
10 one. This one is actually from 2015 on meta data.

11 MR. TURNER: Maybe because it was transferred to
12 different drive. We can get it from the original and correct
13 it.

14 MR. DRATEL: Or if he just testifies to that.

15 MR. TURNER: Sure.

16 MR. DRATEL: If it's the same time as the December 12,
17 you know, that's fine, just so that it's --

18 MR. TURNER: It may be different -- this is one of the
19 ones we updated.

20 MR. DRATEL: Okay.

21 MR. HOWARD: I'm sorry if you didn't get that copy.

22 MR. DRATEL: I'm working off a disk.

23 THE COURT: Hold on. Is the only remaining objection
24 a hearsay objection?

25 MR. DRATEL: Yes, that's correct.

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Der-Yeghiayan - direct

1 THE COURT: Okay. So having reviewed this, I can, I
2 believe, properly instruct the jury this is not offered for the
3 truth. And I'll instruct the jury they're not to take it for
4 whether or not so and so, in fact, tested a particular product
5 or, in fact, received the particular product, just for the fact
6 people are saying these things.

7 MR. DRATEL: What appears on the site.

8 THE COURT: Let's go back. Thank you.

9 (Continued on next page)

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Der-Yeghiayan - direct

1 (In open court)

2 THE COURT: I apologize for that interruption. I try
3 to do side bars as infrequently as possible with counsel
4 because I do understand it takes time.

5 Here I wanted to work out just where things stood with
6 respect to a particular document. So, the government has
7 offered Government Exhibit 118B. I'm going to receive that
8 document into evidence. I'm going to give you a particular
9 instruction on this.

10 On this document, you'll see there are a bunch of
11 words about people saying a variety of things: I have only
12 tested X, Y or Z.

13 This document is not being offered for the truth as to
14 whether or not any particular person, in fact, tested or did
15 any of the things that they're saying; it's for the fact that
16 somebody wrote the words onto the page. So it's to give you a
17 sense of what's on the forum. Whether or not these people did
18 what they're saying they did is not the purpose of the
19 document. So it's received for that purpose only.

20 You may proceed, Mr. Turner.

21 MR. TURNER: Thank you.

22 (Government's Exhibit 118B received in evidence)

23 MR. TURNER: We would move the exhibit into evidence.

24 THE COURT: Yes. It's received in the manner that I
25 suggested.

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Der-Yeghiayan - direct

1 MR. TURNER: Thank you.

2 Can you publish, Mr. Evert. Can you zoom into the
3 first post with the category included, actually. That's good.
4 Thank you.

5 Q. So, is this an example of how a post would appear on the
6 forum?

7 A. Yes, it is.

8 Q. And where does the thread -- the discussion thread start?

9 A. It starts at the top, so there's the very first post is the
10 beginning of the new thread.

11 Q. And what section of the forum are we in here?

12 A. Right now, it's in the rumor mill subforum.

13 Q. So the subject of this post is what?

14 A. It's "MDMA quality, from sellers on SR, please post
15 reviews."

16 Q. And who is the author of the post?

17 A. It's on the left-hand side, it's a user -- by the username
18 of kuddo, K-U-D-D-O.

19 Q. And under that it says newbie. What does that mean?

20 A. It was a ranking system that was built into Silk Road and
21 the forum software.

22 Q. And then over here under the subject, there's a date and
23 time. What does that reflect?

24 A. So this shows that that thread was created on July 17, 2011
25 at 2:52 p.m. and that was usually consistent with UTC time.

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Der-Yeghiayan - direct

1 Q. Besides enabling users to post public messages to one
2 another, did the discussion forums allow users to communicate
3 in any other fashion?

4 A. Yes, it did.

5 Q. How so?

6 A. There were also on the option besides posting public
7 threads like this and having a discussion, that you could send
8 private messages between one user and another.

9 Q. Let's take a look at an example of that. Could you take a
10 look at Government Exhibit 118C, please.

11 A. Okay.

12 Q. Do you recognize this document?

13 A. Yes. It's a screen shot that I took from Silk Road forums
14 of an account that I operated that was from the private
15 messaging to private message overview. It was taken on
16 August 20, 2013.

17 MR. TURNER: The government moves Exhibit 118C into
18 evidence for the same purpose, your Honor.

19 MR. DRATEL: With the same limiting instruction.

20 THE COURT: Ladies and gentlemen, the Court is going
21 to receive Government Exhibit 118C.

22 Similar to the document that you just saw in 118B, the
23 words are not being offered for the truth of whether or not
24 these people, in fact, did whatever it is they're talking about
25 on 118C, just for the fact that somebody is posting those

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Der-Yeghiayan - direct

1 words.

2 All right. You may proceed, Mr. Turner.

3 MR. TURNER: Can you post the exhibit, Mr. Evert.

4 Q. Okay. Can you zoom into the top left.

5 What does this reflect?

6 A. This reflects being logged in, I was logged in under the
7 username cirrus, and it shows a different -- the different
8 features that are available to me.

9 Q. And it says "my messages" here?

10 A. Yes.

11 MR. TURNER: Can you back out please, take a look at
12 the in box, top half.

13 Q. Briefly, what does this reflect?

14 A. We're currently looking at the in box for my private
15 messages and those are the individual -- each one of them is an
16 individual message, if you will.17 Q. And just to be clear, is this the same private message
18 system that we were looking at earlier or is it a different
19 private messaging system?20 A. This message system was built into the forums. This is
21 separate from what was on the marketplace.22 Q. So can we agree to call the one from the marketplace the
23 marketplace private message system and this one the forum
24 private message system?

25 A. That would be accurate.

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Der-Yeghiayan - direct

1 Q. Okay. And then down below, what's reflected in this half?

2 A. This reflects that -- one of the messages being open, which
3 is the top message that was on the message list and it's the,
4 again, the most recent message followed by to the oldest
5 message.

6 Q. So the chain starts at the bottom?

7 A. It starts at the bottom and then the most recent messages
8 at the top.

9 MR. TURNER: Again, just to walk the jury how to read
10 through it, can you zoom back in, Mr. Evert.

11 Q. So the bottom message, who is it from?

12 A. This message was sent from a username astor.

13 Q. What was the subject?

14 A. The subject? There was no subject.

15 Q. And it was sent to who?

16 A. It was sent to my account, to cirrus.

17 Q. The time and date of the message? Where is that reflected?

18 A. It's sent on August 3, 2013, at 8:35 a.m. UTC.

19 Q. Can we go back to Government Exhibit 132, please. Can we
20 zoom into the bottom-right corner.

21 So we look at the community forums and there's this
22 link, Wiki. What did that link to?

23 A. It led to a Wiki page that was available for Silk Road.

24 Q. And what is a Wiki page?

25 A. A Wiki page is -- it's similar to, like, Wikipedia. It's

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Der-Yeghiayan - direct

1 an online with add words. It's like an encyclopedia type of
2 thing where the Silk Road built its own Wiki page, which is a
3 tutorial effort that you can ask questions, it had guides, it
4 had ethical information on it for users and for vendors.

5 Q. Can you look at Government Exhibit 119, please.

6 A. Okay.

7 Q. Do you recognize this document?

8 A. Yes, I co.

9 Q. How do you recognize it?

10 A. It is a screen shot that I took on August 4, 2012 of the
11 Silk Road Wiki page.

12 Q. And what part of the Wiki page exactly?

13 A. This one is on the buyer's guide.

14 (Continued on next page)

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Der-Yeghiayan - direct

1 Q. And what sort of guidance did the buyer's guide offer?

2 A. The buyer's guide was something available to all users that
3 would provide information on various things, such as like how
4 to connect to the website as well as how to get bitcoins, and
5 sort of step-by-step tutorials on how to navigate the site such
6 as getting to the shopping cart, placing your order, payment.

7 MR. TURNER: The government would move Government
8 Exhibit 119 into evidence, your Honor.

9 MR. DRATEL: No objection.

10 THE COURT: All right. Government Exhibit 119 is
11 received.

12 (Government's Exhibit 119 received in evidence)

13 BY MR. TURNER:

14 Q. I would like to read from some of this document.

15 So it starts: "Buyer's guide. The currency used to
16 buy stuff on Silk Road are bitcoin. Bitcoin uses encryption
17 and a system of peer-to-peer double-checking to create a
18 completely digital currency. No personal information is
19 associated with your bitcoins at all, making them ideal for
20 anonymous transactions. Additionally, Silk Road employs a
21 built-in tumbler that mixes all incoming bitcoins through a
22 series of dummy transactions before they ever leave. Click
23 here for instructions on how to get bitcoins, or visit
24 bitcoin.org to learn more."

25 Are you familiar with the term "tumbler" in the

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Der-Yeghiayan - direct

1 context of bitcoins?

2 A. Yes, I am.

3 Q. How are you familiar with it?

4 A. I tested it out, trying to trace transactions that I put
5 into Silk Road and out of Silk Road.

6 Q. So what is a tumbler? What is a bitcoin tumbler?

7 A. A tumbler is, sort of as is described there, where it is a
8 way to try to mask your transactions on the block chain.

9 Instead of being just a one transfer from one account to
10 another, they try to put a lot of accounts in between that to
11 try to throw you off from being able to see one transaction to
12 another, basically.

13 Q. Just to be clear, if I have a bitcoin address and I want to
14 transfer to your bitcoin address and don't do it through a
15 tumbler, how does it appear on the block chain?

16 A. It would be just a direct transfer. It would be from your
17 account to my account.

18 Q. So it would just be like one green arrow like we saw
19 earlier on the block chain?

20 A. Yes.

21 Q. If we run it through a tumbler, how does it appear on the
22 block chain?

23 A. Instead of going from your contract to mine, it would be
24 split up. So the money would split up and go to multiple other
25 accounts and then split up again go to multiple other accounts.

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Der-Yeghiayan - direct

1 This could basically balloon out to a lot of accounts before it
2 starts coming back in together again and eventually hits my
3 account. So it had a lot of accounts in between it, basically.

4 Q. What is the advantage of using a tumbler?

5 A. It allows in this instance with law enforcement that I
6 would know that --

7 MR. DRATEL: Objection.

8 MR. TURNER: I can rephrase, your Honor.

9 THE COURT: Rephrase.

10 Q. Let's say that law enforcement -- as a law enforcement
11 officer, you know a bitcoin address that I happen to be
12 associated with and you know a bitcoin address of somebody else
13 who I am sending bitcoins to. How does a tumbler affect your
14 ability to trace my transfer of money to the other bitcoin
15 address?

16 A. As I demonstrated earlier, the block chain is public.
17 Everything is public. All transactions are public. You could
18 see that by going to a website like blockchain.info. I could
19 go to a website like blockchain.info that I could view those
20 transactions between one account and another account, and if
21 there was a tumbler in between it, I wouldn't know who it's
22 going to. I wouldn't be able to trace the money as easily.

23 Q. OK. Let's keep reading.

24 "Silk Road employs a escrow system for all
25 transactions. This means that when you make a order, the

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Der-Yeghiayan - direct

1 bitcoins are deducted from your wallet, moves into a temporary
2 escrow account, and after the vendor sends the order they
3 confirm it being sent. When you receive the package, you
4 confirm it being received, and the vendor receives the coin.

5 "If for whatever reason you do not receive the
6 package, you can send the order into resolution, where you and
7 the vendor can resolve the problem, or should that not work,
8 Silk Road will step in and resolve the issue. Keep in mind,
9 this system is to prevent fraud on both the end of the seller
10 and the buyer."

11 Can you scroll down, please.

12 "Connecting to hidden services.

13 "If you are reading this now, you have at least
14 figured out how to access a Tor hidden service, good job. You
15 have either installed for and configured your browser to use
16 it, or you are using a proxy such as tor2web."

17 Let me keep scrolling down, please.

18 Let me read, "Receiving address."

19 "From the moment you submit your order, to the moment
20 it is displayed to your vendor, the information is fully
21 encrypted and totally unreadable. Then, as soon as your vendor
22 marks your package with the address and confirms shipment, the
23 address is deleted forever and is not retrievable. For the
24 extra cautious, you can encrypt your information yourself with
25 your vendor's public key so that even we at Silk Road would be

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Der-Yeghiayan - direct

1 unable to view it even if we wanted to. See below for more
2 ways to be safe."

3 Keep scrolling down, please.

4 Stop.

5 "Tumbler. Just when you thought Silk Road couldn't be
6 more secure, we went one step further. The tumbler sends all
7 payments through a complex, semi-random series of dummy
8 transactions, each with a new, one-use receiving address,
9 making it nearly impossible to link your payment with any coins
10 leaving the site. The quantity, frequency, and number of
11 transactions are all varied chaotically in a way that mimics
12 the transactions of the bitcoin economy as a whole."

13 Is this what you were referring to earlier in terms of
14 the effect of the tumbler?

15 A. Yes.

16 MR. TURNER: OK. Could you scroll down, please.

17 Q. "Receiving packages.

18 "Use a different, unrelated address than the one where
19 your item will be kept, such as a friend's house or P.O. box.
20 Once the item arrives, transport it discreetly to its final
21 destination. Avoid abandoned buildings or anyplace where it
22 would be suspicious to have mail delivered.

23 "Do not sign for your package. If you are expecting a
24 package from us, do not answer the door for the postman, let
25 him leave it there and then transport it as described above.

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Der-Yeghiayan - direct

1 Do not use your real name. This tactic doesn't work in some
2 places because deliveries won't be made to names not registered
3 with the address. If you think this is a problem, send
4 yourself a test letter with a fake name and see if it arrives.

5 If you follow these guidelines, your chances of being
6 detected are minimal. In the event that you are detected, deny
7 requesting the package. Anyone can send anyone else anything
8 in the mail."

9 Besides the buyer's guide, did Silk Road also have a
10 guide for sellers?

11 A. Yes, it did.

12 Q. Could you look at Government Exhibit 120, please?

13 A. OK.

14 Q. Do you recognize this document, this set of documents?

15 A. Yes, I do.

16 Q. What are they?

17 A. A series of screenshots that I took of the seller's guide
18 from a vendor account that I took over.

19 Q. And the date you took those screenshots is what?

20 A. It was September 18, 2012.

21 MR. TURNER: The government submits or offers
22 Government Exhibit 120 into evidence.

23 MR. DRATEL: No objection.

24 THE COURT: Received.

25 (Government's Exhibit 120 received in evidence)

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Der-Yeghiayan - direct

1 MR. TURNER: Could you zoom in a little bit, please.

2 Q. "Seller's guide.

3 "Client anonymity.

4 "You and you alone will have your client's shipping
5 address. This information must be destroyed as soon as it is
6 used to label their package. When you click 'confirm
7 shipment,' the address will be deleted forever and
8 irretrievable. Never ask your clients for personal
9 information. Under no circumstances should you save a copy of
10 your client's address. Publish a public encryption key in your
11 user description on your settings page so that customers can
12 send you their info encrypted if they wish."

13 Briefly, what does "encrypted" mean?

14 A. Encrypted means just protected, basically.

15 Q. In what way?

16 A. From being read by anyone except for the user that it is
17 intended to read it.

18 Q. Then underneath that, it says: "Listing.

19 "Choose the category that most specifically matches
20 your listing, as this makes it much easier for your customers
21 to find your listing. Your listing will appear in this, and
22 all parent categories above it, though these pages are cached
23 so it can take up to an hour for your listings to appear.

24 "If you think your item could belong in more than one
25 category, choose the one that suits it best and let us know

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Der-Yeghiayan - direct

1 about the ambiguity. We may be able to reorganize the
2 categories in a more clear

3 "way. If your listing doesn't fit in any of the
4 categories, it may be on our restricted items list. See below
5 for details."

6 Then it says: "Notice: Do not create listings that
7 instruct customers to pay outside of escrow, or are used for
8 any" other "purpose" -- excuse me, "or are used for any purpose
9 other than to list an item to be sold for the listed price
10 using the site checkout system. If you instruct your buyers to
11 pay you in any other way, or to contact you off-site, your
12 seller privileges will be revoked. You may provide backup
13 contact methods in the case of site failure."

14 Are you familiar with the phrase "selling out of
15 escrow"?

16 A. Yes, I am.

17 Q. As used in Silk Road?

18 A. Yes, I am.

19 Q. And what does selling out of escrow mean?

20 A. Selling out of escrow would basically be instead of using
21 Silk Road as your platform to buy from one vendor, that you
22 would do the order basically off line, that you wouldn't go
23 through Silk Road.

24 Q. So what does that mean if I'm a seller and I sell you
25 drugs, let's say, out of escrow on Silk Road, how would that

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Der-Yeghiayan - direct

1 work?

2 A. So, for instance, if a user sees an item advertised that
3 they want to buy off Silk Road, they would hypothetically
4 contact that vendor, send him a message and say --

5 Q. How could they send him a message?

6 A. Through private messaging that is built into the
7 marketplace or the forum, and contact him and say I'll buy this
8 item from you. Will you give me a lower rate if I just send
9 you the money directly without doing it through Silk Road, and
10 the vendor could comply with that --

11 Q. What would be in it for them if they did that?

12 A. The buyer can obviously pay less than what the price is
13 because they are not paying the commissions from Silk Road.
14 The vendor then can also then benefit by getting more customers
15 and be able to undercut prices from other vendors because they
16 don't have to pay -- their product doesn't have the commissions
17 on top of it.18 Q. And this rule against selling out of escrow, is this the
19 only time you saw that rule, or was that a regular feature of
20 the site?21 A. That was talked about quite a bit on the forums, and it was
22 something that came up quite a bit as discussion.

23 THE COURT: All right. Is this a good time to break?

24 MR. TURNER: Yes, your Honor.

25 THE COURT: Ladies and gentlemen, we are going to take

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Der-Yeghiayan - direct

1 our lunch break now. We are going to resume promptly at
2 2 o'clock. So I'd ask you to get back into the jury room at
3 maybe ten minutes before 2 so that you can get everything
4 organized to be able to come out right at 2 o'clock.

5 I want to remind you not to talk to anybody about this
6 case and not to review any media. You know, if you go onto
7 your phone and you are looking at news reports and you see
8 anything that may relate to this case, you are instructed that
9 you are not to read it. You are not to review any content
10 relating to this case at all, whether it be in newspapers or
11 blogs or anything at all on the Internet or on any TV or radio
12 station. OK? It is very, very important that you -- if you
13 hear something, see something, you turn the channel, you turn
14 off the radio, you advert your eyes. All right? And not to
15 speak with anybody about this case at all.

16 Thank you. We'll see you after lunch.

17 THE CLERK: All rise as the jury leaves.

18 (Continued on next page)

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Der-Yeghiayan - direct

1 (Jury not present)

2 THE COURT: You can step down also and take a lunch
3 break and we will pick up again at 2 o'clock.

4 THE WITNESS: Thank you, your Honor.

5 THE COURT: Thank you.

6 Ladies and gentlemen, let's all be seated.

7 THE COURT: I am just waiting for the witness to
8 leave.

9 (Witness not present)

10 MR. TURNER: I did want to now -- having had
11 additional testimony from the witness relating to screenshots
12 regarding computer hacking and fraudulent identification
13 documents along with the narcotics, I did want to further
14 indicate that the Court has made the findings that would be
15 supportive of the co-conspirator exception with respect to the
16 screenshots that had text that indicated either the word
17 "forgery" or something else.

18 In each case, as the government had proffered before
19 trial and as reflected in the Court's decision on the motions
20 in limine, the government's theory is that the defendant is in
21 one or more conspiracies. As the law is clear, the conspiracy
22 charged does not have to be the conspiracy to which something
23 relates for purposes of the co-conspirator exception. I do
24 find that there has been a sufficient showing of evidence
25 supportive of a conspiracy in each of the instances where we

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Der-Yeghiayan - direct

1 have been reviewing the screenshots to support the finding of
2 the conspiracy and then the material being in furtherance of.
3 The reason that I say that is because it doesn't make any sense
4 to have a listing on a website for purposes of buying and
5 selling the item in question unless in fact the item is in fact
6 what it purports to be. And so, therefore, it would be in
7 furtherance of a conspiracy to engage in the activity
8 indicated, either a narcotics conspiracy or computer hacking
9 conspiracy or the fraudulent ID conspiracy.

10 This is by no means any kind of ultimate finding on
11 any of these conspiracies. This is a different type of
12 evidentiary finding simply for purposes of the hearsay
13 objection, and I am required to make such findings in order to
14 determine that the hearsay objection has been appropriately
15 dealt with, and that's the reason for the Court taking the time
16 to do that now.

17 As I had indicated earlier at the sidebar, Mr. Dratel,
18 there were a number of times when you had objected to documents
19 where there were not objections that were indicated in the
20 Pretrial Order.

21 THE DEFENDANT: Your Honor --

22 THE COURT: I want us to understand what the
23 objections were.

24 MR. DRATEL: Sure. My client wishes to clarify
25 something.

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Der-Yeghiayan - direct

1 THE COURT: Yes.

2 THE DEFENDANT: To your previous point, I just wanted
3 to clarify something.

4 THE COURT: Yes.

5 (Pause)

6 THE DEFENDANT: Thank you, your Honor.

7 THE COURT: All right. Thank you. Mr. Dratel, on
8 Exhibits 116A and 116B --

9 MR. DRATEL: Let me just go back and look at my notes.

10 THE COURT: These are the screenshots of the --

11 MR. DRATEL: What you were just talking about, right.
12 Hearsay, not part of -- not a conspiracy, not necessarily true.
13 I mean, it is coming in for the truth when we have no idea
14 whether these people are actually offering these items for
15 sale, scamming the customers. There is no basis to believe
16 that just based on a screenshot.

17 THE COURT: I understand that position. I just note
18 that you had not reflected that objection in the Pretrial
19 Order, and it is of the type of objection that would have been
20 the kind of thing you could have anticipated. Nevertheless, I
21 am not going to find that you have waived that objection. I
22 think it is of the type that you had elsewhere asserted. But
23 if there are other places where, upon reflection, you think
24 that we should include an objection, I am happy to think about
25 that but I would like to have some advance notice --

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Der-Yeghiayan - direct

1 MR. DRATEL: Sure.

2 THE COURT: -- if you've got an objection. That is
3 the purpose of the Pretrial Order.

4 The Court does understand that those are the
5 objections up to this point. They are in the nature of the
6 prior objections, similar to those which the Court has already
7 dealt with, and then they were similarly overruled for the same
8 reasons as set forth in the Court's in limine ruling and also
9 elsewhere on the record today.

10 All right. So that is also for 117A and 118 -- 117A,
11 117B.

12 MR. DRATEL: Right.

13 THE COURT: The same thing?

14 MR. DRATEL: Just let me look at it.

15 THE COURT: I believe 117B is not in for the truth.

16 MR. DRATEL: Right. That's really for the truth,
17 again, the question of hearsay. Also, the question of whether
18 all the people who are posting messages there are not
19 conspirators so it can't come in for the truth. I mean, there
20 is no proof that they ever bought or sold --

21 THE COURT: Right. That is done with the purpose of
22 my limiting instruction, and I will go back -- if you believe
23 that there are some as to which there should be a limiting
24 instruction in addition to that which I have already given,
25 provided to the jury, I am happy to entertain that request.

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Der-Yeghiayan - direct

1 MR. DRATEL: OK.

2 THE COURT: You Will let me know.

3 MR. DRATEL: Yes, your Honor. Thank you.

4 THE COURT: I wanted to clarify that for Government
5 Exhibit 801A, you did not object to it being received. There
6 were objections noted in the Pretrial Order that I believe were
7 simply to the underlying documents which we've elsewhere dealt
8 with; is that right?

9 MR. DRATEL: That is correct, your Honor. Once -- I
10 think the condition of our stipulation is if the Court admitted
11 it, we were not going to object, but obviously we object to the
12 underlying connection for the same reasons that we did,
13 obviously, in the pretrial proceedings. We objected on the
14 basis of its connection to the charged conspiracies and things
15 like that.

16 THE COURT: All right. Is there anything else that
17 that you folks would like to deal with right now?

18 MR. TURNER: No, your Honor.

19 MR. DRATEL: No, your Honor.

20 THE COURT: So if there is any other limiting
21 instruction, Mr. Dratel, that you think the Court should
22 provide, let me know and I will consider it; otherwise, I think
23 I have done what I intended to do.

24 MR. DRATEL: It is probably more in the nature of
25 going back and looking at the exhibits to determine whether we

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Der-Yeghiayan - direct

1 will ask the Court to add certain exhibits to the instruction,
2 to include them within the instruction that the Court gave.

3 THE COURT: Just let me know if you want to make an
4 application in that regard.

5 MR. DRATEL: Thank you, your Honor.

6 THE COURT: We are adjourned until 2 o'clock.

7 I have a matter in here at 1:30. I will try to do it
8 in the robing room, if I can. But otherwise, just for purposes
9 of giving me the opportunity to do it out here, why don't we
10 just leave two spots on the far right, which seem to have less
11 on it than the other tables. You can leave the Elmo where it
12 is.

13 MR. DRATEL: Do you want us to clear?

14 THE COURT: Not everything. Only the two spots to my
15 right.

16 THE CLERK: All rise.

17 (Luncheon recess)

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A F T E R N O O N S E S S I O N

2:03 p.m.

(Jury not present)

THE COURT: I understand the jury is ready so let's get them out.

THE CLERK: All rise as the jury enters.

(Jury present)

THE COURT: All right. Ladies and gentlemen, let's all be seated.

And for your planning purposes, typically, although things come up and change the schedule a little bit, typically we take our mid-afternoon break around 3:20 to 3:30, and then when we come back we go 'til just before 5. Just so that you have that in your mind.

Again, if anybody needs a break on any other schedule, just make eye contact with Joe or with me. All right? Thank you.

Mr. Turner, you may proceed, sir.

MR. TURNER: Thank you.

JARED Der-Yeghiayan,

Resumed, and testified further as follows:

DIRECT EXAMINATION (Resumed)

BY MR. TURNER:

24 Q. Agent Der-Yeghiayan, when we left off we were talking about
25 selling out of escrow. Do you remember that?

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Der-Yeghiayan - direct

1 A. Yes, I do.

2 MR. TURNER: Mr. Evert, could you put 113A back on the
3 screen.

4 Q. So, briefly, just to clarify, when you are talking about
5 selling out of escrow, could you explain how it differs from
6 the model shown on this chart?

7 A. Sure. It would essentially be skipping this entire
8 section, and the money just goes straight to the vendor but
9 outside of Silk Road.

10 Q. Was there an abbreviation ever used commonly on Silk Road
11 to refer to out of escrow sales?

12 A. It's "OOE."

13 MR. TURNER: Could we go back to Exhibit 120, please,
14 page 4, and could you zoom in at "Images."

15 Q. It says: "Images.

16 "Some cameras" -- just to clarify, can you remind the
17 jury what exhibit we are reading here, what the nature of this
18 exhibit is?

19 A. It is from the seller's guide from Silk Road.

20 Q. So it says: "Some cameras record information about you in
21 an image's metadata such as GPS location. If you link to an
22 image in your listing, be sure to remove all metadata from the
23 file that could reveal details about your identity."

24 Could you explain what's being referred to here?

25 A. So what they're saying is basically there is data that's

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Der-Yeghiayan - direct

1 contained sometimes within an image, things such as the date it
2 was taken, the time it was taken, as well as sometimes there
3 could be GPS. So it is like satellite coordinates could even
4 be included in an image if you use like a mobile phone. So it
5 is called tagging your image. And basically they could locate
6 you. So those coordinates would be where you took that image
7 from.

8 Q. What sort of images would be posted on a Silk Road vendor
9 page?

10 A. A vendor could have an image that is for them as well as
11 for the listings they are posting up so there would be
12 potentially information in those images that basically law
13 enforcement or someone else could find out who they are or
14 where they are at.

15 MR. TURNER: Could you go on to page 5, please.
16 "Packaging," the entire section.

17 Q. It says: "Packaging.

18 "Every precaution must be taken to maintain the
19 secrecy of the contents of your client's package. Creatively
20 disguise it such that a postal inspector might ignore it if it
21 was searched or accidentally came open.

22 "Ship USPS if within the United States. They must
23 obtain a search warrant to open any packages.

24 "If the contents of the package have an odor or can be
25 detected by canine or electronic sniffers, you must vacuum seal

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Der-Yeghiayan - direct

1 the package. Do not use odor masking agents such as coffee" 2 beans -- excuse me, "such as coffee because dogs are trained to 3 sniff for these, too. Check that the vacuum seal bag is 4 holding tight around its contents otherwise there is probably a 5 leak.

6 "Make sure the exterior of the package raises no 7 suspicion. Look as professional as possible. The idea here is 8 blend in as much as possible with the rest of the mail stream, 9 which is mostly "business reply mail." Please print your 10 labels, as handwritten labels can be a give away.

11 "Protect the contents of your package. If your item 12 is brittle (such as pills), it needs to be sent in padded 13 packaging (such as a bubble mailer). Do not send pills or any 14 bulky items in envelopes. Envelopes get flattened in automated 15 sorting machines and their contents get crushed.

16 "Do not reveal the details of the packaging you use. 17 You can be tracked this way."

18 How do these packaging practices compare to those you 19 saw in the shipments that you seized at O'Hare?

20 A. It was -- they appeared to take this advice because a lot 21 of the packages did have --

22 MR. DRATEL: Objection.

23 THE COURT: Hold on one second.

24 Sustained.

25 BY MR. TURNER:

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Der-Yeghiayan - direct

1 Q. Just in terms of the appearance, rather than anybody's
2 intent, could you explain how the shipping practices you saw
3 resembled the practices described here?

4 A. They did have -- they did take steps to try to mask the
5 odor. They did take steps to try to put foil around it under
6 the belief that that would potentially block x-ray. So there
7 is -- and as well as doubling up packaging as well.

8 Q. In terms of the professional appearance of the envelopes
9 that you seized?

10 A. The packages did appear to be commercialized and
11 businesslike in that they used printed labels and they used
12 business logos most of the time, too.

13 Q. So how could you become a seller on Silk Road, if you know?

14 A. There is -- off the profile that you would have after you
15 create an account, a user name, there would be a link on the
16 account page to say "Become a seller," and you would simply
17 click on that.

18 Q. Would you look at Government Exhibit 121A, please.

19 A. OK.

20 Q. Do you recognize this document?

21 A. Yes, I do.

22 Q. How do you recognize it?

23 A. This is a screenshot that I took from an account I took
24 over on May 1, 2013.

25 MR. TURNER: The government offers Exhibit 121A into

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Der-Yeghiayan - direct

1 evidence, your Honor.

2 MR. DRATEL: No objection, your Honor.

3 THE COURT: Received.

4 (Government's Exhibit 121A received in evidence)

5 BY MR. TURNER:

6 Q. Could you zoom in on the account links on the side.

7 Do you see the link you were just describing?

8 A. Yes, I do.

9 Q. So where is it?

10 A. It's at the bottom. It says, "Become a seller."

11 Q. If you clicked on that link, what would show up?

12 A. It would come up to a seller's contract on another page.

13 Q. Could you take a look at Government Exhibit 121B. Do you
14 recognize this document?

15 A. Yes, I do.

16 Q. How do you recognize it?

17 A. It was a screenshot that I took from my account, and it is
18 from October 23, 2012.

19 Q. And what is it a screenshot of?

20 A. It is of the seller's contract.

21 MR. TURNER: The government offers Government Exhibit
22 121B into evidence.

23 MR. DRATEL: No objection.

24 THE COURT: Received.

25 (Government's Exhibit 121B received in evidence)

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Der-Yeghiayan - direct

1 MR. TURNER: Could you zoom in under "Shop by
2 category" down to "I agree," please. There you go.

3 Q. OK. It says: "Get your products to your customers
4 quickly, easily, and anonymously, as a Silk Road independent
5 seller. Please read the following contract and the seller's
6 guide carefully. By clicking 'I agree' at the bottom, you
7 agree to abide by the guidelines and terms below when selling
8 on Silk Road.

9 "Seller contract.

10 "Client anonymity.

11 "You and you alone will have your client's shipping
12 address. This information must be destroyed as soon as it is
13 used to label their package.

14 "Packaging.

15 "Every precaution must be taken to maintain the
16 secrecy of the contents of your client's package. It is your
17 responsibility to stay up to date on the latest stealth
18 shipping methods. Describe your items accurately and
19 truthfully. Treat your customers with respect. Go above and
20 beyond with them. Read the seller's guide. Don't skip this
21 step, as it includes further information you will be held
22 accountable for as a vendor. If you have used this account as
23 a buyer, stop now. You want to use a fresh, clean account.
24 Remember, violating the rules here will result in your vendor
25 account being banned. I agree."

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Der-Yeghiayan - direct

1 Did you ever test out what would happen if you click
2 on "I agree"?

3 A. Yes, I did.

4 Q. And what would happen?

5 A. It would take you to another page that then would instruct
6 you to pay a fee to become a vendor.

7 Q. Could we go back to Government Exhibit 132, please.

8 Down at the bottom again there are links. We looked
9 at "Community Forums" and the "Wiki." What was the "Support"
10 link for? What did that lead to?

11 A. That would lead to a customer support page for Silk Road.

12 Q. And what could be found there?

13 A. There would be a frequently asked -- it would be steps
14 basically trying to provide the user information about if they
15 had a question, it would link you to a frequently asked page, a
16 questions page, as well as give you a link to have direct
17 contact with a customer support representative.

18 Q. What was that called when you would submit something to
19 customer support?

20 A. It is called submitting a ticket.

21 Q. And what sort of issues would be submitted to the customer
22 support on Silk Road?

23 A. Anything from like an order that didn't go right or
24 something, a problem with a vendor.

25 Q. Now, did anyone on Silk Road purport to be in charge of the

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Der-Yeghiayan - direct

1 site?

2 A. Yes.

3 Q. And how is that user known?

4 A. As "Silk Road" or as "Dread Pirate Roberts."

5 Q. Was he known by any shorter nickname as well?

6 A. As "DPR."

7 Q. Was the Dread Pirate Roberts a target of your investigation
8 of Silk Road?

9 A. Yes, he was.

10 Q. Could you go back to Exhibit 132, please. Up at the top of
11 the screen there is "A few words from Dread Pirate Roberts."
12 What would happen if you clicked on that?

13 A. If you clicked on that, it would take you to another page
14 where you would have a message for the users on there.

15 Q. What type of message?

16 A. Like a greeting message.

17 Q. How else did Dread Pirate Roberts, or DPR, communicate with
18 the site's users?

19 A. Through the forums.

20 Q. Could you take a look at Government Exhibit 123, please.

21 Do you recognize this document?

22 A. Yes, I do.

23 Q. How do you recognize it?

24 A. It's a screenshot that I took of Dread Pirate Roberts'
25 profile in the forums on April 2, 2012.

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Der-Yeghiayan - direct

1 MR. TURNER: The government offers Government Exhibit
2 123 into evidence.

3 MR. DRATEL: No objection, your Honor.

4 THE COURT: Received.

5 (Government's Exhibit 123 received in evidence)

6 BY MR. TURNER:

7 Q. I just want to make sure, is this the exhibit that you are
8 looking at?

9 A. Yes.

10 (Pause)

11 No. 123 -- oh, I'm sorry. I was looking at 123A.

12 Q. OK.

13 A. But this is also a screenshot that I took on 123.

14 Q. So you are looking at what we see on the screen here?

15 A. This is Dread Pirate Roberts' profile page on Silk Road.

16 Q. When did you take this screenshot? Is it indicated
17 anywhere on the screen here?

18 A. I took it at 2:30 -- around 2:34 a.m. UTC on May 9, 2013.

19 Q. Let's just be clear, 2:34 a.m. or 5:17 a.m.?

20 A. I'm sorry. That's 5:17 a.m.

21 Q. So this is the forum profile of the Dread Pirate Roberts.

22 Could you explain what that means? What was the forum profile?

23 A. So each user would have a profile page on the forums that
24 would be associated to their account.

25 Q. And what was it for?

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Der-Yeghiayan - direct

1 A. It was to -- it was basically to communicate with another
2 user. If you wanted to, you could also check some statistics
3 about the user or information or share information about a
4 particular user from that page.

5 Q. OK. And it says -- first of all, it says, "Date registered
6 here." Actually, let's start over on the left.

7 "Dread Pirate Roberts," is that his user name?

8 A. Yes.

9 Q. Then under that it says "Administrator." What did that
10 refer to?

11 A. It referred to as that user's title on the forum.

12 Q. Is that something -- well, strike that.

13 Underneath there is a little image of it looks like a
14 pirate. Was that something that -- how was that determined,
15 the image associated with your profile?

16 A. That was referred to as the avatar, and it's basically a
17 feature within the forum when you create a user account, that
18 you could upload an image that you could use to use on your
19 profile.

20 Q. All right. Now look at the "Date registered" in the middle
21 there. What does that refer to?

22 A. "Date registered" would be the time that that account was
23 registered, date and time in UCC.

24 Q. Registered on the forum?

25 THE COURT: What does "UTC" mean?

F1edulb4b

Der-Yeghiayan - direct

1 THE WITNESS: Universal Time, which is Greenwich Mean
2 Time.

3 THE COURT: All right.

4 Q. How does that compare to the Eastern time zone?

5 A. It is four or five hours off, depending on the time of the
6 year.

7 Q. Depending on the time of the year?

8 A. Yeah, Daylight Savings Time.

9 Q. OK. Where is it? Where is UTC or Greenwich Mean Time?

10 A. Closest to England, pretty much.

11 Q. So this is the date the account was registered on the
12 forum?

13 A. Yes.

14 Q. And then it says "Local time." What does that refer to?

15 A. That refers to the local time on the server.

16 Q. Was this the time that you were on the page?

17 A. Yes.

18 Q. And then "Last active," what does that mean?

19 A. That would be the last time the account was active on the
20 forum.

21 Q. What does it mean for the account to be active on the
22 forum?

23 A. The last time they actually took some time of step like
24 click on something or was online or doing something on the
25 forum.

F1edulb4b

Der-Yeghiayan - direct

1 MR. TURNER: Then can you zoom in on the signature on
2 the bottom.

3 Q. What was the signature for?

4 A. That was a feature that any user can add a signature at the
5 bottom of their profile. They could be anything that they
6 want.

7 Q. Like what sorts of things?

8 A. It could be quotes. It could be that people would put
9 sometimes their listings or links to their vendor profiles,
10 things of that nature.

11 Q. And was this something that the user that is associated
12 with the profile would choose him or herself?

13 A. Yes.

14 Q. And this signature here, you took this shot when, again?

15 A. This was May 9, 2013.

16 Q. Was this typical when you would view DPR's forum profile,
17 was this typically the signature you would see below?

18 A. You would have this or other things usually related to that
19 particular website.

20 Q. Which particular website?

21 A. It's the mises.org website.

22 Q. Can we take a look at Government Exhibit 123A, the one you
23 were looking at before. Do you see it in front of you?

24 A. Which one?

25 Q. 123A.

F1edulb4b

Der-Yeghiayan - direct

1 A. 123A, yes.

2 Q. OK. Do you recognize that?

3 A. I do. It is a screenshot again from Dread Pirate Roberts'
4 administrator account from April 2, 2012.

5 Q. So the one we just looked at was from July 2013.

6 A. May.

7 Q. Did I mess that up?

8 A. The last one was from May 2013.

9 Q. And this was from April the year earlier?

10 A. Yes.

11 MR. TURNER: The government offers Exhibit 123A into
12 evidence.

13 MR. DRATEL: No objection.

14 THE COURT: Received.

15 (Government's Exhibit 123A received in evidence)

16 MR. TURNER: Could you go back down to the signature.

17 Q. OK. So there it links to mises.org there?

18 A. Yes.

19 MR. TURNER: Now, could you zoom out, Mr. Evert.

20 Q. Was there a way of pulling up all of the posts of the Dread
21 Pirate Roberts on the forum at one time?

22 A. Yes.

23 Q. How did you do that?

24 A. It's whatever is available to your account, you could click
25 on the left-hand side, underneath the avatar there is a feature

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Der-Yeghiayan - direct

1 called "Show posts."

2 Q. Right there. And did you ever review all of Dread Pirate
3 Roberts' poses?

4 A. Yes, I did.

5 Q. How often?

6 A. Pretty regularly over the course of the investigation.

7 Q. From reviewing Dread Pirate Roberts' posts on the forum,
8 what did you understand his role on the site to be?

9 A. That he was in charge of the site, that he was operating
10 the site.

11 Q. Could you take a look at Government Exhibit 125A, please.

12 Do you recognize this screenshot, or this document?

13 A. Yes, I do.

14 Q. How do you recognize it?

15 A. It's a screenshot that I took, or, actually, that -- yeah,
16 that I took that was in the forum of Dread Pirate Roberts --
17 one of Dread Pirate Roberts' posts, October 6, 2013.

18 MR. TURNER: The government offers Government Exhibit
19 125A into evidence.

20 MR. DRATEL: 125A is -- no objection.

21 THE COURT: All right. Received.

22 (Government's Exhibit 125A received in evidence)

23 Q. OK. So it says at the top, is this the topic -- you tell
24 me, where is the topic or the subject of the post?

25 A. It is up at the top. It says, "Business as usual."

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Der-Yeghiayan - direct

1 Q. And the date is June 18, 2011?

2 A. Yes.

3 Q. And it says: "Hey, gang, really sorry for the dead time
4 there. Hopefully most of you got the message on the bitcoin
5 forum or at silkroadmarket.org. The only major change is this
6 forum. We have it running on a separate server with its own
7 URL so that if the main site ever goes down again, first check
8 here for updates. Unfortunately, this means we have separate
9 logins for the main site and the forum.

10 "As we mentioned before, everything was backed up and
11 totally restored, but if for some reason a deposit didn't make
12 it into your account or something like that, just let us know
13 and we'll track it down and credit you. Also, we're giving
14 everyone a 4 day grace period on taking orders to the
15 resolution center before they are auto-resolved, so sellers,
16 you may see some orders past due for a few days.

17 "Thanks everyone for hanging in there with us. This
18 work is scary and exciting all at the same time, and I'm really
19 very happy to be on this journey with all of you.

20 "Cheers, Silk Road staff."

21 So could you explain when this post was announced?

22 A. This is the first post that Dread Pirate Roberts, or the
23 Silk Road at the time, made on the forums.

24 (Continued on next page)

F1EBULB5

Der-Yeghiayan - direct

1 Q. And what was it announcing?

2 A. It was announcing that he created another -- created the
3 forum basically to help get messages out if there was downtime
4 on the market.

5 Q. So we saw before that the Dread Pirate Roberts account was
6 registered when approximately?

7 A. It was around June 2011.

8 Q. And this is the very first post by that account?

9 A. Yes.

10 Q. And it's signed Silk Road staff, is that right?

11 A. Yes.

12 Q. So at that point, was the name Dread Pirate Roberts
13 associated in any way with this administrator account?

14 A. It was. Oh, at this time?

15 Q. In July 2011?

16 A. No, it was not.

17 Q. When did that change?

18 A. That changed approximately January or so of 2012, I
19 believe.

20 Q. Can you take a look at Government Exhibit 125B. Do you
21 recognize the pages of this exhibit?

22 A. Yes, I do.

23 Q. How do you recognize it?

24 A. Screen shots that I took of more posts made by Silk
25 Road/Dread Pirate Roberts on October 6, 2013.

F1EBULB5

Der-Yeghiayan - direct

1 MR. TURNER: The government offers Government
2 Exhibit 125B into evidence.

3 MR. DRATEL: The previous objection, your Honor.

4 THE COURT: Hold on one second.

5 GX 125B is received.

6 (Government's Exhibit 125B received in evidence)

7 MR. TURNER: Can you put it on the screen, please.

8 Q. Okay. So the subject is let's play the name game. The
9 date is January 31, 2012. And it says, who is Silk Road? Some
10 call me SR, SR admin or just Silk Road. But isn't that
11 confusing? I am Silk Road, the market, the person, enterprise,
12 everything. But Silk Road has matured and I need an identity
13 separate from the site and the enterprise of which I am now
14 only a part. I need a name. Actually, I already have a name
15 picked out. It is a great name. You are going to love it. It
16 is perfect on so many levels. But, I'm not going to reveal it
17 until this weekend, when our customer appreciation sale is in
18 full swing.

19 And let's go to the next page, please.

20 It this is approximately six days later, and it says
21 drum roll please, and my new name is Dread Pirate Roberts.

22 So after this, how did the username associated with
23 this forum account appear?

24 A. After this date, it was Dread Pirate Roberts on the forums.

25 Q. And it says at the top here "Begin PGP signed message."

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Der-Yeghiayan - direct

1 And then at the end "Begin PGP signature, end PGP signature."

2 Are you familiar with PGP?

3 A. Yes, I am.

4 Q. Have you used PGP before?

5 A. Yes, I have.

6 Q. Can you explain at a general level what a PGP signature is
7 and what it's used for?

8 A. PGP stands for pretty good privacy, and it's basically a
9 system that -- it's like stamping -- an electronic way of
10 putting a signature or an electronic way to verify who you are
11 that it's like putting a seal on something or stamping
12 something as yours.

13 Q. So what does it mean, "verify who you are"? Are you
14 talking about a new identity or something else?

15 A. No. Meaning, like, verify that the user that you
16 originally know that person as as being that same user online,
17 I guess.

18 Q. So, what would you need -- if you see this, how do you
19 verify that the user who sent this is the Dread Pirate Roberts?

20 A. With this, what you'd have to do is you would have to have
21 what's called a public key. So with this PGP software, when
22 you use it, you give out other people your public key and
23 people can put that into their PGP program.

24 And something like this, if you wanted to verify if
25 this message was signed by that person that you know who gave

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Der-Yeghiayan - direct

1 you that public key, it will verify it and tell you it's a good
2 signature.

3 Q. Can you take a look at Government Exhibit 133.

4 A. Okay.

5 Q. Do you recognize this document?

6 A. Yes, I do.

7 Q. How do you recognize it?

8 A. It's a screen shot that I took from the Silk Road
9 marketplace of Dread Pirate Roberts' profile.

10 Q. And what date did you take that?

11 A. August 19, 2013.

12 Q. And what does it contain? What information does it contain
13 on the page?

14 A. On his profile page, it contains Dread Pirate Roberts', his
15 public key.

16 MR. TURNER: Government offers Government Exhibit 133
17 into evidence.

18 MR. DRATEL: Objection based on the same ground, based
19 on the same.

20 THE COURT: All right. Government exhibit 133 is
21 received. GX 133 is received.

22 (Government's Exhibit 133 received in evidence)

23 MR. TURNER: Can you zoom in on the text and above
24 starting with "The following PGP key."

25 Q. So it says the following PGP key can be used to verify

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Der-Yeghiayan - direct

1 messages signed by the Silk Road administrator Dread Pirate
2 Roberts.

3 Now, again, you took this screen shot when?

4 A. I took it August 19, 2013.

5 Q. So if you wanted to verify that a message sent by -- that a
6 message posted by the Dread Pirate Roberts on some later date
7 was posted by the same user who put this -- who controlled this
8 public key as of August 19, 2013, how would you do it?

9 A. Using this information here --

10 MR. DRATEL: Objection. Object to the form of the
11 question.

12 THE COURT: Why don't you restate the question.

13 MR. TURNER: Sure.

14 Q. Just explain. What is the point of this information? You
15 see it August 19, 2013. What does it allow you to do?

16 A. Using the public key, what I would do is basically copy
17 that entire block from the beginning PGP public key to the end,
18 PGP public key, and you would import it or bring it into your
19 program, and then you could use that then to verify messages
20 that are signed by that user.

21 Q. And when you say verify the messages, as a practical
22 matter, what does that mean? What does it assure you of?

23 A. It assures you that the person that has that public key
24 wrote that message that they signed.

25 MR. DRATEL: Objection. Foundation.

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Der-Yeghiayan - direct

1 THE COURT: Sustained. You'll need to come at it
2 differently for that.

3 The jury will disregard the last answer.

4 MR. TURNER: I'll come back to it later.

5 Q. Take a look at Government Exhibit 125C, please. Do you
6 recognize this document?

7 A. I'm still navigating.

8 Q. Sure.

9 A. Yes, I do.

10 Q. How do you recognize it?

11 A. It's a screen shot that I took of other posts made by Dread
12 Pirate Roberts on the forum on October 6, 2013.

13 Q. And what is the post about?

14 A. On which post? There's multiple posts.

15 Q. What do they generally concern, the posts?

16 A. There's multiple posts on the screen shot that demonstrate
17 when the site -- the Silk Road site was down for maintenance.

18 MR. TURNER: The government offers Exhibit 125C into
19 evidence.

20 MR. DRATEL: Objection for the reasons previously
21 stated.

22 THE COURT: Government Exhibit 125C is received.

23 (Government's Exhibit 125C received in evidence)

24 Q. Were there times when Silk Road would go down for
25 maintenance?

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Der-Yeghiayan - direct

1 A. Yes, there was.

2 Q. And when it did, how would users be notified about it?

3 A. Generally through the forum such as a post that would be
4 made by Dread Pirate Roberts.

5 Q. So, if we could -- where does this begin, which is the
6 oldest post in the list?

7 A. The oldest post would be at the bottom.

8 MR. TURNER: Mr. Evert, can you scroll to the text
9 there.

10 Q. The top says main site down for maintenance, date July 22,
11 2011. It says we are down to fix a problem that has been
12 causing intermittence over the past couple of days. So sorry
13 for the trouble, we'll keep you posted if anything develops and
14 hopefully we'll be back online asap.

15 Would you please scroll up.

16 The next couple of days later:

17 We're live again, hopefully with no more problems,
18 though if your fix didn't work, we may have to go down again
19 sometime in the next few hours.

20 Yeah, it looks like the fix didn't work, stay tuned
21 for updates. Ok I think we got it, the recent feedback display
22 on the homepage was the problem. We were displaying it -- the
23 way we were displaying it was inefficient and using up all of
24 the server resources, took it down and it seems to be fixed
25 now.

F1EBULB5

Der-Yeghiayan - direct

1 Could you remind the jury what a server means?

2 A. A server is just basically a computer that can host a
3 website.

4 Q. Did Dread Pirate Roberts ever post anything about the
5 servers used to run the Silk Road website?

6 A. Yes, he did.

7 Q. From reading those messages, who did you understand who
8 controlled those servers?

9 A. Dread Pirate Roberts.

10 Q. Can you take a look at Government Exhibit 125D.

11 THE COURT: "D" as in David?

12 MR. TURNER: Yes.

13 A. Okay.

14 Q. Do you recognize this screen shot?

15 A. I do.

16 Q. How do you recognize it?

17 A. It's a screen shot I took of another post made by Dread
18 Pirate Roberts that I took on October 6, 2013.

19 MR. TURNER: The government offers the exhibit into
20 evidence, your Honor.

21 MR. DRATEL: Objection for the reasons previously
22 stated, your Honor.

23 THE COURT: All right. Government Exhibit 125D as in
24 David is received.

25 (Government's Exhibit 125D received in evidence)

F1EBULB5

Der-Yeghiayan - direct

1 Q. This is dated October 19, 2011, the title is "site outage".
2 And it says we are terribly sorry for the sudden outage today.
3 We will be back up as soon as possible. Thank you for your
4 patience. Update, we are having to rebuild the site from a
5 backup. All bitcoins in user accounts and the escrow are
6 accounted for and all site data has been saved except for
7 roughly the last 30 minutes of activity preceding the outage.
8 Any messages you sent or activity you engaged in during that
9 window will have to be re-done except for deposits and
10 withdrawals. Also, all of the pictures were not backed up, so
11 sellers will need to re-upload them.

12 There was no security breach or anything to worry
13 about that led to this situation. We lease server space in
14 different locations around the globe through unaware third
15 parties. We do this to hide the identities of those that run
16 Silk Road in the event of a security breach in one of the
17 servers. Unfortunately, this means we have to deal with some
18 unreliable people who, without revealing too much detail,
19 didn't keep their promises and led to our servers being shut
20 down.

21 Do you know what it means to lease server space from a
22 third party?

23 A. I'm sorry. Could you repeat?

24 Q. Do you know what it means to lease server space from a
25 third party?

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Der-Yeghiayan - direct

1 A. Yes, I do.

2 Q. How are you familiar with that?

3 A. In the course of the investigation, we have leased server
4 space from providers.

5 Q. What does that mean? What does that mean to lease server
6 space?

7 A. It means going to a company that provides servers and
8 basically leasing the server or leasing space on a server to
9 host a website.

10 Q. So does this mean, like, getting an actual, physical server
11 delivered to you or does it mean something different than that?

12 A. It means getting remote access to one through the Internet.

13 Q. And where are the servers themselves hosted generally?

14 A. Usually in various locations around the world.

15 Q. All right. So besides -- besides Silk Road's technical
16 infrastructure, what about the goods that were sold on the
17 site? Were any of DPR's posts about that?

18 A. Yes.

19 Q. Could anything be sold on Silk Road or were there rules
20 about that?

21 A. There were some restrictions of items that could be sold.

22 Q. And who appeared to set those rules?

23 A. Silk Road itself, Dread Pirate Roberts.

24 Q. Can you take a look at Government Exhibit 125H. Do you
25 recognize -- I'll wait for you.

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Der-Yeghiayan - direct

1 A. Yes.

2 Q. Do you recognize this document?

3 A. I do.

4 Q. How do you recognize it?

5 A. It's another screen shot of a post from the forums that I
6 took on October 6, 2013 of posts from DPR.

7 MR. TURNER: The government moves Exhibit 125H into
8 evidence.

9 MR. DRATEL: Previous objection, your Honor.

10 THE COURT: GX 125H is received.

11 (Government's Exhibit 125H received in evidence)

12 Q. The title is forgeries and the date is August 5, 2011 and
13 it says we are happy to announce a new category in the
14 marketplace called forgeries. In this category, you will find
15 offers for forged, government issued documents including fake
16 IDs and passports.

17 This category comes with some restrictions, however.
18 Sellers may not list forgeries of any privately issued
19 documents such as diplomas/certifications, tickets or receipts.
20 Also, listings for counterfeit currency are still not allowed
21 in the money section.

22 What did Dread Pirate Roberts' posts reflect, if
23 anything, about who controlled the commissions charged for
24 sales in the website?

25 A. It reflected that Dread Pirate Roberts did set the

F1EBULB5

Der-Yeghiayan - direct

1 commission rate.

2 Q. Take a look at Government Exhibit 125G -- excuse me --
3 125J, please.

4 A. Okay.

5 Q. Do you recognize this document?

6 A. Yes, I do.

7 Q. How do you recognize it?

8 A. It's a screen shot that I took from DPR's posts on the
9 forum that was taken on October 6, 2013.

10 MR. TURNER: The government moves 125J into evidence,
11 your Honor.

12 MR. DRATEL: The previous objection, your Honor.

13 THE COURT: GX 125J is received.

14 (Government's Exhibit 125J received in evidence)

15 Q. The subject is re: State of the Road Address.

16 So is this post a response to something else?

17 A. The "re" would stand for a reply to a thread, and that
18 thread would have been, in this case, the State of the Road
19 Address.

20 Q. Are you familiar with the context of this post?

21 A. Yes, I am.

22 Q. What was it?

23 A. In the state of the road -- State of the Road Address,
24 Dread Pirate Roberts talked about different things that he was
25 planning on doing with the website, as well as he set a new

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Der-Yeghiayan - direct

1 commission rate from a fixed rate that they previously had to a
2 tiered commission rate.

3 Q. And were there some Silk Road users who were not happy
4 about the change in the commission rates?

5 A. There were replies that were in the original thread that
6 were not as supportive of the changes.

7 Q. Okay. From January 10, 2012, it says thank you, everyone
8 for your comments and suggestions. One suggestion I especially
9 like is the one about commission being affected by trade
10 volume. To those of you that are either supportive of the
11 change, or have faith in what I'm doing regardless of whether
12 you see the point or not, thank you for your support! I have
13 done everything I can to earn that trust and I cherish it.

14 To those of you chalking my actions up to pure greed
15 and ignoring the context for the changes, I say shame on you.
16 When have I lied? When have I cheated or stolen from anyone
17 here? When have I treated anyone unfairly? When have I led
18 you astray? Why do you turn on me now when I have poured my
19 heart and soul into this community and project? Ten percent on
20 50-dollar orders, we're talking about an extra \$1.88. A
21 ten-dollar order, an extra 38 cents. Do you think this site
22 built itself? Do you think it runs itself? Do you have any
23 clue what goes on behind the scenes to keep this going? Do you
24 have any idea the risk the people operating this site are
25 taking? Do you have any clue what we've been through to get

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Der-Yeghiayan - direct

1 here today? Do you have any clue what it's going to take to
2 get through the next year?

3 Whether you like it or not, I am the captain of this
4 ship. You are here voluntarily and if you don't like the rules
5 of the game, or you don't trust your captain, you can get off
6 the boat. For those that stay, we at Silk Road will continue
7 to do everything in our power to keep this market running
8 smoothly and safely, and thank you again for your support!

9 Can you take a look at Government Exhibit 125K. Do
10 you recognize this document?

11 A. Yes, I do.

12 Q. How do you recognize it?

13 A. It's another screen shot from Dread Pirate Roberts' forum
14 account of a post he made and I took it October 6, 2013.

15 MR. TURNER: The government offers 125K into evidence.

16 MR. DRATEL: The previous objection, your Honor.

17 THE COURT: Government Exhibit 125K is received. I'm
18 just hesitating because I'm trying to determine whether or not
19 the statements -- why don't you have the witness talk about who
20 is saying what to whom? There are shaded areas, what they're
21 referring to, and I'll see if there's an issue.

22 MR. TURNER: Okay.

23 THE COURT: But 125K is received subject to the Court
24 confirming certain pieces of it, which I believe will be
25 confirmed through additional testimony.

F1EBULB5

Der-Yeghiayan - direct

1 MR. TURNER: I'm just going to be focused on the last
2 quarter of the document under quote number four, except for
3 that quote.

4 THE COURT: I see. Government Exhibit 125K is
5 received.

6 (Government's Exhibit 125K received in evidence)

7 Q. So the subject line here is, again, re: State of the Road,
8 this time, re: State of the Road comment.

9 MR. TURNER: Can you zoom into this area, Mr. Evert.

10 Q. Again, is the context of this thread, this post, still the
11 State of the Road Address where his commission changes were
12 announced?

13 A. Yes, it is.

14 Q. And it starts off, it says -- this little blue shaded area
15 and it says, quote from paperchasing on January 11, 2012,
16 7:29 p.m., problem number four, what about the BTCs I send out
17 to exchangers? Is that taxed?

18 First of all, this is a formatting issue. What does
19 it mean the quote from the blue shading?

20 A. Within a post or reply you make, you could also quote other
21 users or quote anything really for that matter by either
22 selecting the previous post and pressing a button that would
23 automatically quote it.

24 Q. Down here?

25 A. Yes.

F1EBULB5

Der-Yeghiayan - direct

1 Q. "Quote"?

2 A. Or enter it in by hand, you can enter in a quote like that

3 Q. So it's the username paperchasing that's being quoted here?

4 A. The user is paperchasing that's being quoted.

5 Q. And it was a post paperchasing made that said what about
6 the BTCs. I send out those exchanges. Is that taxed?

7 Right?

8 A. The section in blue that follows after paperchasing on
9 January 11, 2012 is the comment that was made by paperchasing
10 or is being quoted from paperchasing.

11 Q. Now, before you testified that there were bitcoin
12 exchangers that operated on Silk Road itself, right?

13 A. Yes.

14 Q. So it says here underneath, this text here, who posted
15 that?

16 A. That would be from Dread Pirate Roberts.

17 Q. It says I'm not sure exactly what you are talking about
18 here, but the practices of bitcoin exchangers on that site are
19 not affected by the new policies. Again, the site was never
20 designed to support bitcoin exchange, but since people want to
21 use it that way, we will accommodate and are presently working
22 on a solution.

23 Also, you are misusing the word tax, which I think is
24 why you were accused of acting like Silk Road is a government.
25 What you are referring to is more appropriately called a

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1 commission or a broker's fee. It would be a tax if I tried to
2 take money from you based on a transaction I wasn't involved
3 in. You are free to sell whatever you want to whomever you
4 want without my interference, but if you are going to use the
5 Silk Road platform to meet your customers and advertise your
6 wares, you will need to pay a commission.

7 Thank you everyone for your support!

8 Going back to the seller's guide for a minute, we
9 talked about the rule that banned Silk Road sellers from
10 selling OOE or out of escrow.

11 Do you remember that?

12 A. Yes.

13 Q. Did DPR ever post anything about that rule on the forums?

14 A. DPR would remind users if there was a vendor that did this,
15 that it's prohibited.

16 Q. Could you take a look at Government Exhibit 125G.

17 A. Okay.

18 Q. Do you recognize this document?

19 A. Yes, I do.

20 Q. How do you recognize it?

21 A. It is a screen shot that I took of DPR's posts from the
22 forum which I took on October 6, 2013.

23 MR. TURNER: The government offers 125G into evidence.

24 MR. DRATEL: Same objection, your Honor.

25 THE COURT: Government Exhibit 125G is received.

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1 (Government's Exhibit 125G received in evidence)

2 Q. It says here vendor roundtable/the rules are like gravity.

3 What section of the forum was this in?

4 A. This was in a restricted -- it was a hidden forum within
5 the forum that was only available to verified vendors from the
6 Silk Road marketplace.

7 Q. And the topic is "The rules are like gravity," the date is
8 November 25, 2012. Each week I get a report from my reps.

9 Part of that report is the vendors who were demoted that week.
10 There is always at least one, with the most common offenses
11 being asking customers to pay directly, going around the escrow
12 system, and scamming customers by asking them to finalize
13 early. One demoted vendor this week was pleading for his
14 account back over and over and wouldn't take no for an answer.
15 I hate seeing that kind of thing, but for a rule to have any
16 meaning, it has to apply in all cases all the time, like the
17 laws of physics.

18 Gravity doesn't care if your intention was to fly or
19 jump, or how important or insignificant you are. It will pull
20 you down every time in the same way. Just like that, we will
21 enforce the rules every time, in the same way, to everyone. If
22 you are breaking the rules, it is only a matter of time before
23 you will be demoted.

24 Please have the integrity to play by the rules of the
25 game you signed up for so we don't have to keep ruining

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1 people's businesses and dealing with the fallout of scams.

2 It's not worth it.

3 To those honoring the contract you signed up with
4 (99.9 percent of you), thank you for your shining example!

5 You testified earlier that most of the drugs -- excuse
6 me -- most of the goods on sale on Silk Road were illegal
7 drugs?

8 A. Yes, they were.

9 Q. Now, based on DPR's posts, did DPR seem to be aware of
10 that?

11 A. Yes, he was.

12 MR. DRATEL: Objection.

13 THE COURT: Hold on one second. Sustained, and that
14 answer is struck.

15 Q. Take a look at Government Exhibit 125L. Do you recognize
16 this document?

17 A. I do.

18 Q. How do you recognize it?

19 A. It's a screen shot of a post from DPR that I took on
20 October 6, 2013.

21 MR. TURNER: The government offers 125L.

22 THE COURT: 125L as in Larry.

23 MR. DRATEL: The previously stated objection.

24 THE COURT: All right. GX 125L is received.

25 (Government's Exhibit 125L received in evidence)

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1 Q. The subject is just "re: chat" and it says it's great
2 enough -- excuse me -- it's great to see that my words are
3 resonating with so many of you. It's a privilege to have a
4 stage to speak from here. It doesn't get said enough, and it
5 is hard to get across in this medium but...I love you.

6 Who knew that a softy could lead an international
7 narcotics organization? Behind my wall of anonymity, I don't
8 have to intimidate thankfully, but, yeah, I love you guys.
9 Thank you for being here. Thank you for my comrades. Thank
10 you for being yourselves and bringing your unique perspectives
11 and energy. And on a personal note, thank you for giving me
12 the best job in the world. I've never had so much fun. I know
13 we've been at it for over a year now, but really, we are just
14 getting started. I'm so excited and anxious for our future, I
15 could burst.

16 Did Dread Pirate Roberts run the site alone or did he
17 have a support staff?

18 A. He had a support staff.

19 Q. How do you know that?

20 A. Because I took over the account that was one of the support
21 staff's.

22 Q. And when you say "took over," remind the jury what you
23 mean.

24 A. That means that either through interview or arrests, I was
25 given consent to utilize an account that belonged to his

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1 support staff.

2 THE COURT: Could you explain that a little bit more.

3 THE WITNESS: Sure. So, through the course of the
4 investigation, identified someone that was a support staff
5 member that through interviewing and through talking to the
6 person, they were -- they gave us authorization, the
7 government, to use that account by giving us the username and
8 password to all the different marketplace and forum that
9 account had.

10 THE COURT: All right.

11 Q. What was the username associated with the support staff
12 account that you took over?

13 A. It was cirrus.

14 Q. How do you spell that?

15 A. C-I-R-R-U-S.

16 Q. And approximately, when did you take over the cirrus
17 account?

18 A. It was late July 2013.

19 Q. And was this an account on the Silk Road marketplace or the
20 Silk Road forum or both?

21 A. It was both.

22 Q. When you got access to these accounts, did that access
23 include the private message in boxes associated with the
24 accounts?

25 A. Yes, it did.

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1 Q. And when you took over the accounts, were there any
2 messages in those in boxes already?

3 A. Yes, there was.

4 Q. Could you take a look at Government Exhibit 126A. Do you
5 recognize this document?

6 A. Yes, I do.

7 Q. How do you recognize it?

8 A. It was a screen shot of one of the private messages that
9 was in the account that I took. I took the screen shot on
10 September 30, 2013.

11 Q. And when you say private messages, are you talking about
12 the forum private message system or the marketplace private
13 message system?

14 A. This was a forum private message.

15 Q. And this was the cirrus account on the forum?

16 A. Yes, it was.

17 MR. TURNER: The government offers 126A into evidence.

18 MR. DRATEL: The previously stated objection.

19 THE COURT: All right. Government Exhibit 126A is
20 received. Hold on for just one moment if you would, please.

21 (Government's Exhibit 126A received in evidence)

22 THE COURT: What was the approximate date when you
23 took over the account, sir?

24 THE WITNESS: Approximately July 26, 27th of 2013.

25 THE COURT: Thank you.

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1 You may proceed, Mr. Turner.

2 MR. TURNER: Thank you.

3 Can you publish the exhibit, Mr. Evert.

4 Q. Where does the chain begin? Top or bottom?

5 A. The post in the bottom is the oldest post.

6 Q. Okay. It was sent July 12, 2013 a.m. So was this already
7 in the in box by the time you took it over?

8 A. Yes, it was.

9 Q. And it's from Dread Pirate Roberts, and who is it to?

10 A. It was sent to the other staff support administrators and
11 also the account that I took over.

12 Q. It was sent to cirrus?

13 A. Yes.

14 Q. And the other usernames were --

15 MR. TURNER: Could you blow that up Mr. Evert?

16 A. It was samesamebutdifferent, inigo and libertas.

17 Q. Okay. And it says hey, gang, we have a new moderator going
18 by the name cirrus. We used to know him as scout. Cirrus has
19 always been dedicated to our common goals and the community at
20 large and we put what happened surrounding Mr. Wonderful behind
21 us so he can come back onto the team. The scout persona is
22 still off limits and should not be discussed, so we'll always
23 refer to cirrus as cirrus, even though we know the same person
24 is behind both accounts.

25 And then it says -- there was a reply from cirrus. Is

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1 this by you or the person who previously controlled the
2 account?

3 A. No. It was by the person who previously controlled the
4 account.

5 Q. It says thank you for the introduction! I'm really excited
6 to be back and working with you guys. Missed you all!

7 So you said these other individuals -- other usernames
8 here samesamebutdifferent, inigo and libertas, were they also
9 support staff members?

10 A. Each of them did different roles within the forum and the
11 marketplace, but they were all part of the support staff.

12 Q. And it says that we have a new moderator going by the name
13 cirrus.

14 Did you actually start performing the duties of a
15 moderator after you took over the cirrus account?

16 A. Yes, I did.

17 Q. Could you explain what those duties were and what you spent
18 most of your time doing.

19 A. So, as a moderator over the forums, it would be basically
20 trying to keep the forum clean in the way that DPR wanted it to
21 be.

22 Q. Clean how?

23 A. Clean in that making sure that posts that were new threads
24 that were in certain subforums were moved to the appropriate
25 subforums. So if someone posted something about security in

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1 the main discussion forum, I would move it to the security
2 forum.

3 Q. When you say clean, you mean organized?

4 A. Organized; yes.

5 Q. Okay.

6 A. As well as if there was something that was posted, such as
7 they call it spam where a -- either a computer or some other
8 person might be posting messages on the forum that was
9 advertising or trying to put a lot of things on there that was
10 unrelated to Silk Road, we would be, as moderator, responsible
11 for removing those posts and deleting them.

12 Q. What other things?

13 A. In addition, answering customer support issues and there's
14 a customer support forum that was at the bottom of the forums.
15 And so, Dread Pirate Roberts wanted support staff and the
16 moderators to respond to every one of those support threads
17 that were on there.

18 Q. So what were some of the comment -- support questions you
19 answered?

20 A. A lot of the support questions I'd answer would be things
21 about how do I get to the site or how do I get help with this
22 or this vendor didn't help me or didn't get my product or my
23 bitcoins didn't show up in my account, how long should I wait,
24 those types of questions.

25 Q. How many hours a day would you spend working undercover as

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1 a Silk Road moderator when you took over the account?

2 A. Anywhere from ten to 12.

3 Q. Ten to 12 hours?

4 A. A day.

5 Q. Were you paid as part of your position?

6 A. Yes, I was.

7 Q. By the hour or the week? What?

8 A. By the week.

9 Q. What was your salary?

10 A. Salary was paid in bitcoins, and it was roughly about a
11 thousand dollars a week.

12 Q. And who paid you?

13 A. It was Dread Pirate Roberts.

14 Q. How would you receive payment?

15 A. It would be sent to my market account that I had, so it
16 would be credited from the admin to my account from Dread
17 Pirate Roberts.

18 Q. When you say the market account, you mean the Silk Road
19 marketplace?

20 A. Yes.

21 Q. Can you take a look at Government Exhibit 126C.

22 A. Okay.

23 Q. Do you recognize this document?

24 A. I do.

25 Q. How do you recognize it?

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1 A. It's a screen shot that I took of the account history page
2 from my undercover account. I took it on September 26, 2013.

3 MR. TURNER: The government offers 126C into evidence,
4 your Honor.

5 MR. DRATEL: The same objection, your Honor, as
6 previously stated.

7 THE COURT: GX 126C is received.

8 (Government's Exhibit 126C received in evidence)

9 MR. TURNER: Publish it, Mr. Evert.

10 Q. What are we looking at here? Which account is this?

11 A. This is my cirrus account.

12 Q. Where is that reflected?

13 A. Up in the upper right-hand corner.

14 Q. What's on the left side?

15 A. On the left-hand side, it's just the account history
16 summary. So this would be a roughly a two-month history of the
17 account of what it received.

18 Q. So where is -- can you just point us to a sample payment of
19 your salary.

20 A. So the most recent payment that was received in the account
21 on this history page would have been the one at the very top
22 where the action came from admin. And in the notes, that
23 number there is the user number that's for Dread Pirate Roberts
24 that I recall. And the amount shows that I got transferred
25 from admin eight bitcoins and that the balance in my account

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1 was eight bitcoins.

2 Q. How much was eight bitcoins worth at that point?

3 A. It was about, like, \$120 a bitcoin or so at that point.

4 Q. So how much in total? A thousand dollars?

5 A. Roughly, yeah, like a thousand dollars.

6 Q. And beyond just knowing the user number there corresponding
7 with Dread Pirate Roberts, how else would you know that Dread
8 Pirate Roberts was the one sending you this salary payment?

9 A. Some of the times when I received these, I would send a
10 reply on the forum to Dread Pirate Roberts telling him thank
11 you for the payment and he'd reply back you're welcome or
12 something to that effect.

13 Q. Can you take a look at Government Exhibit 126D, please. Do
14 you recognize this exhibit?

15 A. Yes, I do.

16 Q. How do you recognize it?

17 A. This is one of the private messages that I sent from my
18 cirrus account on the forums to Dread Pirate Roberts.

19 MR. TURNER: The government offers 126D into evidence.

20 MR. DRATEL: The same objection.

21 THE COURT: All right. Government Exhibit 126D is
22 received.

23 (Government's Exhibit 126D received in evidence)

24 Q. Going down to the first message down at the bottom it says
25 from you to Dread Pirate Roberts, right?

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1 A. That's correct.

2 Q. August 9, 2013, thanks for the bitcoins. And then the
3 reply is you're welcome! Thanks for looking after the forums.

4 As a moderator, did you have any access to parts of
5 the site that ordinary users couldn't see?

6 A. I did.

7 Q. Like what?

8 A. There were restricted forums that were -- that I was able
9 to see, such as a vendor roundtable forum and there was also a
10 recycle bin that I could see.

11 Q. Did you have any permissions and abilities that ordinary
12 users didn't have?

13 A. Yes, I did. I had -- on the forums, I had administrative
14 rights, unlimited administrative rights that I could search for
15 different users and search through the databases that we had of
16 users, that wasn't something openly available as a general
17 user, as well as the ability to edit, delete and move threads
18 and posts on the forum.

19 Q. Were there any limits on your administrative powers?

20 A. Yes, there were.

21 Q. How do you know?

22 A. Because just knowing that there was other features that I
23 couldn't access within the admin panels and there was areas
24 that I couldn't see that from discussing it with other people
25 such as Dread Pirate Roberts would tell me that there's other

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1 things that's available basically.

2 Q. So who set the restrictions on your abilities, your
3 administrative powers?

4 A. Dread Pirate Roberts.

5 MR. TURNER: Going back to 126A, can you bring that
6 back up, Mr. Evert.

7 Q. This message is from samesamebutdifferent, inigo and
8 libertas, do you know what the roles of these users was on the
9 site?

10 A. Yes, I do go.

11 Q. Beyond what you've already told us?

12 A. Yes. Would you like me to go into that?

13 Q. Yes. But you know what, let me go back to one thing before
14 we leave the bitcoin payments.

15 What did you do with the bitcoins you received as
16 salary as an administrator?

17 A. Back on the history page, you'll see that after every time
18 we received a payment from bitcoins --

19 MR. TURNER: 126C, Mr. Evert.

20 A. After every payment was received, withdraw it either the
21 next day or the same day of, as soon as we could, and withdraw
22 it to another undercover bitcoin wallet and then also transfer
23 that, then, to an exchange that was also registered with an
24 undercover account where we would convert the bitcoins into
25 dollars and then seize them.

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1 Q. So what agency did the bitcoins or the dollars from the
2 bitcoins ultimately end up with?

3 A. With HSI.

4 Q. So let's go back again to 126A. You were about to
5 say -- what were the roles of inigo, libertas and
6 samesamebutdifferent on the site and how do you know?

7 A. Samesamebutdifferent was a -- primarily a forum moderator
8 for a little bit. He did have access over the marketplaces and
9 admin, but that didn't last long. Instead, he focused
10 primarily on trying to answer customer support tickets or
11 customer support issues in the forum.

12 Q. How do you know this?

13 A. Because from talking to samesamebutdifferent as well as
14 sending a lot of private messages between himself and I, we
15 would split the work that was done because he was located in
16 Australia, I was located in Chicago, and there were times that
17 generally I'd be asleep, he would cover the customer support
18 and vice versa.

19 Q. And how about inigo?

20 A. With inigo, inigo was primarily over vendor support on the
21 marketplace, also had administrative capabilities on the
22 forums.

23 Q. What do you mean by vendor support?

24 A. Vendor support was a feature of support that was available
25 to vendors that they could contact vendor support if they had

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1 an issue that they needed to resolve.

2 Q. Like what?

3 A. Such as like an order that a buyer hadn't paid them for or
4 an order where there was a problem with the listings or a
5 problem with a withdrawal that the vendor needed help with,
6 they would give more priority to the vendors.

7 MR. DRATEL: Object just on grounds with respect to
8 forum violation.

9 THE COURT: Hold on one second. Let me just read the
10 answer.

11 What's the basis for that answer that you just gave
12 about the vendor support?

13 THE WITNESS: It was through my direct chats that I
14 had had with inigo.

15 THE COURT: All right. I will allow it.

16 When you reach a logical breaking point, I know it's a
17 little early, but there are a couple of things I just want to
18 go over so it will be good to take it a few minutes early if we
19 can.

20 MR. TURNER: Three more minutes, your Honor.

21 THE COURT: Sure.

22 Q. So inigo was in charge of vendor support. How about
23 libertas?

24 A. But also going back to inigo, in addition to vendor
25 support, he also had access to customer support, which is just,

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1 again, the same thing but for customers.

2 Q. Buyers? By customers you mean buyers?

3 A. Yes. So he would do a little bit of both. And then
4 libertas was also customer support primarily on the
5 marketplace, so he would handle the tickets that would come in
6 for customer support on the market and respond to those and
7 would sometimes also cover some of the duties of vendor
8 support.

9 Q. Did you know whether the other members of the support staff
10 were paid like you were?

11 A. Yes, they were.

12 Q. How do you know?

13 A. From direct chats with them. Sometimes when I wasn't paid,
14 either when we were expecting to get paid, my conversations
15 with them would also reflect that they didn't get paid, too,
16 and they were telling me they didn't get paid.

17 Q. Samesamebutdifferent, did he have any other nicknames?

18 A. He did.

19 Q. What were they?

20 A. He also went by, for short while, symmetry, which was his
21 administrative name on the marketplace; and then also had
22 batman73, which was his account that he used primarily on the
23 market; and he was also commonly referred to as SSBD, which is
24 short for samesamebutdifferent.

25 MR. TURNER: Your Honor, I can stop there.

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1 THE COURT: Let's take our mid-afternoon break.

2 Ladies and gentlemen, we'll take about 15 minutes, and then
3 we'll resume. We'll go then until just a couple minutes before
4 5:00.

5 Thank you. I want to remind you not to talk to
6 anybody about this case, including each other. Thank you.

7 THE DEPUTY CLERK: All rise.

8 (Jury excused)

9 (Continued on next page)

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1 THE COURT: Why don't you step down and take a break
2 as well.

3 (Witness temporarily excused)

4 THE COURT: Let's all be seated. I wanted to go over
5 on the record the basis for a number of my rulings because the
6 record I think is developing and I want to make sure that the
7 record is clear as to the basis for the ruling.

8 Now, let's go back to the government exhibits. These
9 are all government exhibits that I'm talking about so they all
10 begin with the prefix GX. But for a number of them, there are
11 portions of what we have just been going over that are not
12 offered for the truth, but there are some portions which are
13 offered for the truth. Sometimes it might just be a snippet.
14 So we'll go over a couple of those in terms of where they would
15 fall within the hearsay rule.

16 I would note that for the *Vayner* objections, I have
17 found specifically as the government had proffered pretrial,
18 that there has been a sufficient foundation laid and
19 authenticity for the various documents through this witness who
20 has personal, firsthand knowledge and has now laid an
21 appropriate evidentiary foundation. So the *Vayner* objections
22 are overruled.

23 Starting with 125B and let's go through a couple of
24 these. While the government had said in the pretrial materials
25 I think that this was -- let's make sure that I've got the

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1 right one, see response to 125A, which puts us back to 123 --
2 which is that Vayner is inapposite and not offered for truth.

3 I think that 125B, there's a portion of it which could
4 be considered as being offered for the truth, which is the
5 portion and only the portion "I am Silk Road, the market, the
6 person, the enterprise, the everything," to the extent that is
7 offered for the truth, these, and there are a series of them,
8 would come in under 803 as a business record relating to Silk
9 Road or 801, subject to connection ultimately, because the
10 ultimate factual issue as to who this is is to be determined,
11 but based upon the government's theory, it would be 803 and
12 801. That actually is the same for a number of these exhibits.

13 Now, for Government Exhibit GX 133, this is another
14 one where there had not been an objection previously noted, and
15 part of the reason for that is because it wasn't on the
16 original pretrial order. So I just wanted to make sure that we
17 had noted for the record, Mr. Dratel, what your objection is.

18 Obviously -- well, I won't say "obviously" anything.
19 Why don't you tell me what the basis for your objection is for
20 GX 133?

21 MR. DRATEL: It's hearsay. And also with respect to
22 the business record aspect of this, there hasn't been a witness
23 in this -- and I don't think this witness has done it at all --
24 which is to lay the foundation of business records in the
25 context of contemporaneous record-keeping, verifiable. This is

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1 all coming after-the-fact. These are all posts and other
2 things that he's coming in a year, a year or two later. I
3 don't think that it meets the criteria for a business record,
4 and 133 would qualify in the same way as well.

5 THE COURT: I have a response, but why don't I give
6 the government an opportunity to address that if they choose to
7 do so.

8 MR. TURNER: We can lay a foundation. He used the
9 forum extensively and could explain every time he posted a
10 message, it would show up on the forums with the
11 characteristics that have been displayed in the various
12 exhibits. But we do think these are all, most of them are not
13 really offered for the truth. They're just things that DPR did
14 that show his leadership role over the site.

15 As your Honor pointed out, to the extent they do
16 reflect statements offered for the truth, they're party
17 admissions we would argue.

18 THE COURT: That would be under the other portion of
19 the rule and some of them are under 801. Let me also, in
20 addition to the government's response which I would agree in
21 terms of the hearsay, I would make the additional points that
22 as custodians of records for purposes of 803 business records
23 are often custodians who come into business records
24 after-the-fact, and the question is whether or not the
25 particular business appears to have been run in all ways and in

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1 a similar fashion.

2 Here, this individual who is testifying based upon
3 firsthand knowledge is also testifying based upon being an
4 undercover albeit, but a staff member of the very business
5 here.

6 It's as if he went into a brick and mortar business
7 and was working as a customer service representative in a brick
8 and mortar business answering a telephone. Instead, he's at a
9 computer screen. In any event, it's, as I said, subject to
10 connection ultimately in terms of the admission of Dread Pirate
11 Roberts because we have to connect that if the government does
12 at all through the testimony and other evidence to come.

13 As we know, the Court's evidentiary rulings are not on
14 the same -- they don't have the same burdens as a criminal
15 verdict would. It's not a beyond-a-reasonable-doubt standard;
16 it's a preponderance of the evidence and/or, for certain
17 rulings, just whether or not it's supportive, more supportive
18 than other inferences. So the Court does find for purposes at
19 this point that there's a sufficient basis.

20 But let me go through a couple of the others because
21 there are a number of these: 125D was not offered for the
22 truth. That's about maintenance, and it doesn't really matter
23 what was, in fact, happening, whether these maintenance issues,
24 in fact, occurred or did not occur, so it's not a hearsay issue
25 at all. As to the *Vayner* issues there, that is, I have

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1 overruled the Vayner issue as to all of these documents.

2 In terms of 125H, there is a possibility and, indeed,
3 I would suggest that the way the questions came out, the
4 government was asserting that the forgeries were for the truth.
5 125H, to the extent forgeries is offered for the truth, that
6 falls under the business record and issue that I just talked
7 about.

8 In terms of GX 125J relating to commissions, the
9 government has discussed the fact of commissions as being among
10 the points it's intending to make at this trial; therefore, to
11 the extent that any of it is offered for truth, there's not
12 quite a clear statement saying "I take commissions," but that's
13 the overall inference of that entire piece. That would be a
14 business record.

15 126C, that's a business record of salary of Silk Road
16 administrators. 126D is not for the truth. 125K is not for
17 the truth. 125G is not for the truth in the sense that it's
18 not being necessarily offered for whether or not Dread Pirate
19 Roberts receives reports from his reps, but to the extent it
20 is, it would be a business record subject to connection. 125L
21 is in part offered for the truth. That's the statement about
22 leading an international narcotics organization, as well as the
23 time frame of having been at it for over a year. 125L would
24 fall under 801 or 803, those portions which are potentially in
25 fact offered for the truth there. There is a lot of 125L that

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Der-Yeghiayan - direct

1 is not offered for the truth.

2 In terms of 126A, that is, in large part, a
3 coconspirator statement. 126A was drafted, as I understand it,
4 by an administrator of Silk Road prior to the time that the
5 witness on the standard, Mr. Der-Yeghiayan, had actually taken
6 over; therefore, it would have been between two individuals
7 working on Silk Road and it would therefore fall under the
8 coconspirator statement, as well as dealing with administrative
9 matters and therefore being a business record. So to the
10 extent that any portion of that is for the truth, it's not
11 clear that any of it is, it's really for the fact that it was
12 said, it would fall under those exceptions and provisions.

13 Those are, I think, give you a sense as to the
14 rulings. They're all of the same type. So if I have missed
15 one, I think it's relatively straightforward to understand
16 based upon those rulings the similar bucket that it would fall
17 under.

18 Is there anything that you folks wanted to raise or to
19 further comment on? No, your Honor.

20 MR. DRATEL: Just a couple of things, your Honor.
21 Obviously, we preserve our objection on that regard.

22 THE COURT: Yes.

23 MR. DRATEL: A couple of things, one is 125A. I think
24 I mistakenly said no objection, and we had previously objected
25 to that and I would like to reassert that objection.

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1 THE COURT: Let me just doublecheck. All right. You
2 did have an objection on the pretrial order.

3 Does the government have a view as to Mr. Dratel's
4 assertion now and objection that he otherwise had waived?

5 MR. TURNER: I think it's of the same character as the
6 exhibits that your Honor just covered. It's not really offered
7 for the truth. It's just offered to show -- to reflect, it's
8 an exhibit that reflects DPR's control over the infrastructure
9 on Silk Road.

10 THE COURT: There were two objections for 125A set
11 forth on the pretrial order. One was a *Vayner* objection. For
12 the same reasons that I have already described with respect to
13 the other *Vayner* objections, that objection is overruled.

14 I agree with counsel that 125A is not offered for the
15 truth; it's about the fact that these words were said. There
16 are not particular factual assertions within them and therefore
17 it would not be considered hearsay and falls outside of the
18 hearsay rules.

19 Was there something else, Mr. Dratel?

20 MR. DRATEL: Yes, two things that are related: One is
21 that, and I'm not saying this was intentional, but Mr. Turner
22 did, in reading, missed some words and misread a couple of
23 times. Remind the jury that it's what's written there and not
24 what counsel said, not so much to cast aspersions, but really
25 it's just about when you read long blocks of texts, sometimes

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1 that happens.

2 The other issue on the reading is there was some
3 inflection of particular words, the word physics. So I just
4 think that that is not necessary obviously. And that's one of
5 the problems with the whole issue of reading versus reading
6 aloud and there was an emoticon on one of those which wasn't
7 referred to at all, so I hope the jury was reading it.

8 They should be instructed they should be reading
9 what's on the screen.

10 THE COURT: I can refer them, if you want me to, to
11 the emoticons and be sure that they follow them for each of the
12 documents. Do you want me to do that?

13 MR. DRATEL: I think they should be instructed that
14 they should be reading along when someone is reading it out
15 loud because there may be symbols or other nonverbals, and the
16 way chats are written --

17 THE COURT: I'll draw their attention to the symbols
18 because of the consistency over time with the symbols. Do you
19 want me to do that?

20 MR. DRATEL: I just would like the Court to just --

21 THE COURT: I'll give them an instruction --

22 MR. DRATEL: Instruct them that they should be reading
23 because these were originally written. And while they're being
24 read aloud as an aid, the fact is, the written word is the real
25 evidence. And occasionally counsel will make mistakes or

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1 misread, not intentionally again, but they should be looking at
2 it and there may also be nonverbal symbols and things like that
3 that they should be looking for and recognize.

4 THE COURT: Mr. Turner, do you have any objection to
5 the Court giving that kind of instruction?

6 MR. TURNER: No, your Honor. Two things: If counsel
7 wants to make a correction if I've slipped up after I'm done
8 reading a paragraph, I have no problem with that. I'm
9 certainly not infallible. And I'm happy to say "smiley face"
10 if there's an emoticon like that on the screen if counsel would
11 like that read into the record. I didn't do that just because
12 I thought counsel had an objection to doing that.

13 THE COURT: Do you want, Mr. Dratel, for counsel to
14 pull out the emoticons specifically when they appear or just to
15 leave it after I have given my general instruction?

16 MR. DRATEL: I think if someone is reading something
17 aloud, they should say there's an emoticon, and let the jury
18 decide what it means rather than characterizing it.

19 THE COURT: All right. I think that's what we'll do.
20 So I'll give that instruction and make some comments consistent
21 with our conversation just now. Is there anything else that
22 you folks would like to go over?

23 MR. TURNER: No.

24 MR. DRATEL: Just a cautionary about the emphasis
25 issue.

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1 THE COURT: Yes. I think with physics, it was more of
2 what I would call a pregnant pause. It was only a nanosecond,
3 but I understand. So to the extent, Mr. Turner, you can avoid
4 anything like that, that would be helpful so that we don't run
5 into any other issues.

6 MR. TURNER: Yes.

7 THE COURT: Anything else?

8 MR. DRATEL: I think that's it.

9 MR. TURNER: Yes.

10 THE COURT: Let's take our own very brief break now
11 that we have already taken 15 minutes and come back to get the
12 jury out here.

13 THE DEPUTY CLERK: All rise.

14 (Recess)

15 (Continued on next page)

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Der-Yeghiayan - direct

1 (Jury not present)

2 THE COURT: On the prior -- can you pull that door
3 closed? There we are.

4 On the prior evidentiary rulings, I had talked about
5 the Commission document -- which one was it, do you folks
6 remember? I can find it. 125J.

7 MR. DRATEL: It is 125J, yes.

8 THE COURT: OK. No, I don't need to add anything
9 other than what I have already said.

10 OK. Joe, why don't you get the jury.

11 THE CLERK: OK.

12 (Continued on next page)

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Der-Yeghiayan - direct

1 THE CLERK: All rise as the jury enters.

2 (Jury present)

3 THE COURT: All right. Ladies and gentlemen, as you
4 get to your seats, let's all be seated.

5 All right. Mr. Turner, you may proceed, sir.

6 MR. TURNER: Thank you.

7 BY MR. TURNER:

8 Q. Agent Der-Yeghiyan, the whole time while you were working
9 as a moderator in an undercover capacity, who was your boss?

10 A. Dread Pirate Roberts.

11 Q. And in what way was Dread Pirate Roberts your boss?

12 A. He would be the one that paid me. He would be the one that
13 would grant me new authorities on the website. He would be the
14 one that would give direction and make the final say on a lot
15 of either issues we would bring up, or if there was a
16 discrepancy or an error or something with the site, we would
17 bring it up with him to fix.

18 Q. And was he the boss over the rest of the support staff,
19 too?

20 A. Yes.

21 Q. How do you know?

22 A. Because whenever I would bring up an issue or discuss
23 something with other support staff, it would always be deferred
24 to Dread Pirate Roberts, or it would be decided by Dread Pirate
25 Roberts in front of all the rest of the support staff, too.

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1 Q. And by "in front of," what do you mean?

2 A. In conversation, that would be sort of like the private
3 message that you would see between all the moderators and
4 staff.

5 Q. And when Dread Pirate Roberts would communicate with you
6 directly, how would he do so? Through what system?

7 A. He would -- there was a -- it was referred to as staff chat
8 that he set up, and it was a live chat server that he set up on
9 Tor that would allow the staff to communicate in a live-like
10 manner.

11 Q. So let's back up. We've already seen private messages
12 between you and Dread Pirate Roberts, right?

13 A. Yes.

14 Q. On the Silk Road forum?

15 A. Yes.

16 Q. Are you talking about something different now?

17 A. There is private messaging on the marketplace. There is
18 private messaging on the forums, and then, yes, this is
19 something different that we referred to as staff chat.

20 Q. Is staff chat a part of Silk Road or was it something
21 separate?

22 A. It was completely separate from Silk Road.

23 Q. When you -- well, was it -- did it involve chatting over
24 the ordinary Internet or was it chatting over Tor?

25 A. It was still a Tor hidden service but it was still a

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Der-Yeghiayan - direct

1 tor.onion address.

2 Q. How did you know how to set up this ability to communicate
3 with DPR through the Tor chat system?

4 A. The instructions that were provided by DPR to the original
5 operator of the account that I took over was in private
6 message. So I was able to set up the same configuration on my
7 computer to have that type of chat capabilities.

8 Q. Could you take a look at Government Exhibit 127.

9 Do you recognize this document?

10 A. I do.

11 Q. How do you recognize it?

12 A. It was a screenshot that I took on September 30, 2013 of a
13 private message that was in the Cirrus account that I was
14 operating.

15 Q. When you say it was in there, was this a private message
16 that was already in the Cirrus in box by the time you took the
17 account over?

18 A. Yes.

19 MR. TURNER: The government offers Exhibit 127 into
20 evidence, your Honor?

21 MR. DRATEL: Objection. Hearsay, your Honor.

22 THE COURT: GX-127 is received.

23 (Government's Exhibit 127 received in evidence)

24 THE COURT: Now, are you going to read from that
25 document?

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Der-Yeghiayan - direct

1 MR. TURNER: I am partially, your Honor.

2 THE COURT: All right. So let me just -- I meant to
3 just mention to the ladies and gentlemen of the jury a couple
4 of things about documents.

5 When you hear the Court receive a document into
6 evidence, it is the document that is the evidence. Counsel may
7 read things, parts of it, but if the entire document is in
8 evidence, it is the document in evidence. So, for instance, if
9 a word gets skipped over, "it" or, you know, some word is
10 skipped over, it is the document that is actually in evidence
11 and the text on the page.

12 Similarly, you have seen in a couple of these
13 documents that there are emoticons, and so you should note that
14 and that is part of the evidence of the document. So you can
15 note whatever nonverbal statements may be made on the page in
16 terms of punctuation and things of that nature.

17 All right. You can go ahead and proceed, Mr. Turner.

18 MR. TURNER: Thank you.

19 Can you publish Exhibit 127, Mr. Evert.

20 Could you zero in on the -- whoops -- the bottom
21 message, please, down a third of the way.

22 That is good.

23 Q. So this was a message sent from Dread Pirate Roberts to
24 Cirrus on July 20, 2013. This is about a week before you took
25 over the account?

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Der-Yeghiayan - direct

1 A. That is correct.

2 Q. It says: "Hey, we are all on a more secure chat channel.

3 Here are the instructions for joining in:

4 "1. Download and install Pidgin."

5 Do you know what "Pidgin" refers to?

6 A. Yes. It's a program that you could use to do Internet
7 chat.

8 Q. Would you go down, please.

9 And then, 13, it says: "Add buddy 'dread@'" and then
10 there is a long string of text ".onion. If I'm online we'll
11 connect. There are a few more steps to finalize OTR, but those
12 can be done once we're chatting."

13 What does "add buddy" mean in this context?

14 A. Add buddy would be like adding a favorite or a friend to
15 your account, someone you could easily connect to.

16 Q. Could you just explain generally what is like Internet chat
17 and how does it compare to like private messages that we had
18 been looking at?

19 A. Private message would be similar sort of to I guess email
20 where you would send a message, wait for a reply. That person
21 could reply whenever they are back online, they would see the
22 message. Whereas, Internet chat would be something where both
23 users are online at the same time and they communicate in
24 realtime in the same like box in front of you.

25 Q. And "box," you mean like window?

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Der-Yeghiayan - direct

1 A. Yes. The window box, yes.

2 Q. So did you -- I'm sorry, could you go back to 127,

3 Mr. Evert.

4 Could you go up to Cirrus' reply.

5 This reply was sent July 20, the same day.

6 "I'll get it set up ASAP. Using Adium on Mac, which
7 has a few other fields, so it'll take a short bit of trial and
8 error. Be there when I can!"

9 What does Adium refer to?

10 A. Adium is similar to Pidgin, which is another program you
11 can use to do Internet chat.

12 Q. What kind of computer were you using in your undercover
13 capacity?

14 A. It was a MacBook.

15 Q. So what program did you install to chat with Dread Pirate
16 Roberts?

17 A. I used Adium as well.

18 Q. So once you got the program set up, how often would you
19 chat with DPR?

20 A. It would be probably every few days or so. Sometimes it
21 might be a week before I would chat again with him.

22 Q. How did DPR initiate a chat with you?

23 A. DPR would be able to see since -- I would be able to see if
24 he was online because I would buddy him and it would notify me
25 when he was online or available to chat. And the same thing;

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Der-Yeghiayan - direct

1 he would see if I was online and available to chat, too. So
2 you just simply have to click on the user's name and you could
3 then initiate a chat with them.

4 Q. Could you take a look at Government Exhibit 127A.

5 A. OK.

6 Q. Do you recognize this exhibit?

7 A. Yes, I do.

8 Q. How do you recognize it?

9 A. It is a screenshot I took of my entire computer screen.

10 Q. On what date?

11 A. I took this on September 22, 2013.

12 Q. And what does the computer screen reflect?

13 A. It is everything available on the screen that I could see.

14 It is not just the window that I normally take a screenshot of.

15 Q. Does it include the chat window we had been discussing?

16 A. Yes, it does.

17 MR. TURNER: The government offers 127A into evidence,
18 your Honor.

19 MR. DRATEL: The previously stated objection, your
20 Honor.

21 THE COURT: Overruled. GX127A is received.

22 (Government's Exhibit 127A received in evidence)

23 BY MR. TURNER:

24 Q. So what are we looking at here?

25 A. So this is -- in the background I have the Silk Road forum

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Der-Yeghiayan - direct

1 up on Dread Pirate Roberts' profile page.

2 Q. That we have seen before, right?

3 A. Yes.

4 Q. So where is the chat window?

5 A. So on the right-hand side it's -- that's the chat that I
6 opened up the profile in the chat box for Dread Pirate Roberts.
7 So that shows what his profile looked like in the staff chat.
8 And then on the left-hand side it is sort of hard to see, it
9 was transparent but it was the buddy list that I had on my
10 staff chat which I had the people that I had buddied, which is
11 the other staff from Silk Road.

12 Q. So you could speak to those other staff members that you
13 talked about earlier?

14 A. Yes.

15 Q. Inigo, libertas and samesamebutdifferent?

16 A. Yes.

17 Q. Could you back out.

18 OK. The different times that appear on this screen,
19 could you focus in on this side of the screen, Mr. Evert.

20 Up top it says 3:23 a.m. What time zone is that set
21 to?

22 A. My computer, I had it set for UTC time.

23 Q. Universal Time?

24 A. For the universal time, yes.

25 Q. That is Greenwich Mean Time, like you mentioned before?

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Der-Yeghiayan - direct

1 A. Yes.

2 Q. Then in the chat window here, local time, 20:23:05, what
3 does that refer to?

4 A. That refers to whenever Dread Pirate Roberts would be
5 online, it would show what the local time is for him, and as I
6 understand it, that would be what time was on their computer.

7 Q. And what time zone was that reflected in?

8 A. That would be Pacific Standard -- Pacific Time.

9 Q. Did you set that to Pacific Standard Time, or is that the
10 way it automatically appeared?

11 A. That is the way it automatically appeared every time you
12 login.

13 Q. When you chatted with people in other time zones, what time
14 zones did it appear in?

15 MR. DRATEL: Objection.

16 THE COURT: Why don't you rephrase that.

17 BY MR. TURNER:

18 Q. Would you talk to other staff members through chat?

19 A. I would.

20 Q. How would their time zones appear?

21 A. So when I would talk to samesamebutdifferent, I knew he was
22 in Australia. He would tell me he was in Australia. It would
23 reflect a time zone in Australia. And the same thing with
24 inigo, through the course of the investigation we believed that
25 he might have been East Coast, and it was actually showing an

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Der-Yeghiayan - direct

1 East Coast time zone.

2 Q. Throughout the time when you chatted with DPR through the
3 system, what time zone was shown when you chatted with him or
4 for his local time entry?

5 A. Every time I chatted with him it would show Pacific Time
6 Zone.

7 Q. Now, how could you tell from this window when DPR was
8 online and available for chat?

9 A. From this one, it would say the status. This one would
10 tell you if he is available or if he was away or if he was
11 offline.

12 Q. OK. Here it is. When you chatted with DPR, how, if at
13 all, did you document the chats?

14 A. It would be saved in the Adium program. There is a
15 transcript that it would run automatically in the background
16 and log the entire chat.

17 Q. Is there a common term used for those transcripts?

18 A. The transcript log.

19 Q. Is it a log?

20 A. A log.

21 Q. OK. Did DPR know that you were logging these chats?

22 A. I think he did not.

23 Q. Should you -- I mean, I'm sorry. Could you take a look at
24 Government Exhibit 127B, please?

25 A. OK.

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Der-Yeghiayan - direct

1 Q. Do you recognize this exhibit?

2 A. I do.

3 Q. How do you recognize it?

4 A. It's a copy of the chat log that I had between myself and
5 Dread Pirate Roberts on July 29, 2013.

6 MR. TURNER: The government offers Government Exhibit
7 127B into evidence, your Honor.

8 MR. DRATEL: The same objection, your Honor, as
9 previously stated.

10 THE COURT: All right. Overruled.

11 And 127B is received.

12 (Government's Exhibit 127B received in evidence)

13 MR. TURNER: Could you include the date up at the top,
14 Mr. Evert.

15 Q. So where is the date notated?

16 A. Up above.

17 Q. July 29, 2013. And could you explain how to read these
18 chat logs?

19 A. Sure. So each time that a user would post a message, it
20 would be in a different color. Mine was in green in this
21 instance with Cirrus, and then Dread would be in blue. And
22 basically it would annotate the time that you would send the
23 message as well as what was said, and it basically goes from
24 oldest to newest.

25 Q. OK. So it starts oldest at the top and then it goes down

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Der-Yeghiayan - direct

1 from there?

2 A. It works down, yes.

3 Q. And, again, the time, what time zone is it reflected in?

4 A. This would be UTC time.

5 Q. And your communications are green in Cirrus and Dread is
6 Dread Pirate Roberts?

7 A. Dread is Dread Pirate Roberts.

8 Q. OK. So I will read it. It is starting at 6:11 p.m.

9 Cirrus says: Sorry, my Internet has been crappy
10 today.

11 Dread: No worries.

12 Cirrus: What's going on?

13 Dread: I had a little task but inigo is on it.

14 Cirrus: I'm sorry, if you have anything else don't
15 hesitate to ask.

16 Dread: no worries, I will

17 Cirrus: I don't know if you saw on the tech forum
18 there were a few people reporting errors being received when
19 trying to enter in their pin while moving bitcoins?

20 Dread: didn't see

21 Dread: recent?

22 Cirrus: yes, let me send you the link

23 Dread: I actually just moved btc from one SR acct to
24 another without problem.

25 Cirrus: okay, well here is the thread.... probably just

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Der-Yeghiayan - direct

1 isolated stupidity.

2 And then there is some link there.

3 So, briefly, can you explain what this conversation
4 was about?

5 A. This was Dread had previously sent me a message asking for
6 me to chat with him on the staff chat and so I wasn't online at
7 the time. So I got online. As soon as I saw it, I got on the
8 staff chat and I sent him that message asking him what he
9 needed from me. I think he told me he had a task originally
10 for me.

11 Q. Could you take a look at Government Exhibit 127C.

12 Do you recognize this document?

13 A. Yes, I do.

14 Q. How do you recognize it?

15 A. It was another chat that happened between myself and Dread
16 Pirate Roberts on August 19, 2013, using the staff chat.

17 MR. TURNER: The government offers Exhibit 127C into
18 evidence.

19 MR. DRATEL: Objection on the previous grounds, your
20 Honor.

21 THE COURT: All right. 127C is received. The
22 objection is overruled.

23 (Government's Exhibit 127C received in evidence)

24 MR. TURNER: Could you zoom in on the top third of the
25 document, Mr. Evert, including the date.

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Der-Yeghiayan - direct

1 Q. So this is from August 19, 2013, right?

2 A. In UTC, yes.

3 Q. What is the chat about? Give me an overview.

4 A. This was just a normal chat that we just started talking to
5 Dread Pirate Roberts, and it goes into him giving me more
6 access on the marketplace.

7 Q. Did he show you anything in this chat online?

8 A. Yes, he did. He had just recently set up a new feature on
9 the marketplace which was a new messaging system that was on
10 there. And he was granting me access to -- it was like a admin
11 panel on the marketplace. So he was -- to help moderate those
12 new posts that would be placed on the marketplace, so he was
13 going to walk me through setting that up, set up my access, as
14 well as describing how he wanted me to moderate that section of
15 the marketplace.

16 Q. By "moderate," do you mean keep it organized like you
17 described before?

18 A. Yes.

19 Q. So let's take a look, starting at 1:06:

20 Cirrus: Hey, how are you?

21 Dread: I'm good, you?

22 Cirrus: Doing okay, what's up?

23 Dread: Sorry, can you hang tight 5-10 min?

24 Cirrus: Of course. Smiley face.

25 Dread: Ok...

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Der-Yeghiayan - direct

1 Dread: Are you logged into SR?

2 Dread: If you are, please log out.

3 Dread: Out.

4 Cirrus: Okay. I'm out

5 Dread: Now go to --

6 And then there is a link, and is that the Silk Road
7 dot-onion website address?

8 A. That is.

9 Q. And then after that, it says "support/landing," right?

10 A. Correct.

11 Q. So now go to that address and enter your user and pass.

12 Let me know what happens.

13 Cirrus: OK, standby.

14 Got invalid login.

15 Disregard.

16 I'm good.

17 What was going on there?

18 A. Once I went to that URL and with my account --

19 Q. What is a URL?

20 A. I'm sorry. The address of the Silk Road that he put in
21 this post here, the support landing page, there was two boxes
22 on there that -- and he told me to enter in my username and
23 password. So the first box I entered my username and the
24 second box I entered my password and then hit "go" on it.

25 Q. Were you having trouble at first?

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Der-Yeghiayan - direct

1 A. At first, yeah. It wasn't working the first time I tried
2 it, but then I realized that I think I hit in the password
3 wrong.

4 Q. Then it says: Dread, are you in this support panel.

5 Cirrus: It's loading. OK, it loaded.

6 At that point what came on to your screen?

7 A. At that point a new page appeared that I had never seen
8 before. It was a page that had various boxes on there that
9 appeared that I could do a number of things or that you could
10 search a number of things, just different options I had never
11 seen from Silk Road before.

12 Q. Could you take a look at Government Exhibit 127D.

13 MR. TURNER: Mr. Evert, could you move that to the top
14 of the screen.

15 A. OK.

16 Q. Do you recognize this document?

17 A. I do.

18 Q. How do you recognize it?

19 A. This is a screenshot that I took of that support panel on
20 August 19, 2013.

21 MR. TURNER: The government offers 127D into evidence.

22 MR. DRATEL: The same objection, your Honor, as I had
23 previously stated.

24 THE COURT: All right. There isn't one on the
25 Pretrial Order.

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Der-Yeghiayan - direct

1 MR. DRATEL: I'm sorry. I am looking at the wrong
2 one.

3 Hearsay, your Honor.

4 THE COURT: All right. So that objection is
5 overruled. 127D is received.

6 (Government's Exhibit 127D received in evidence)

7 BY MR. TURNER:

8 Q. OK. So this is the support screen that came up when you
9 said, "OK, it loaded."

10 A. Yes, it was.

11 Q. And there are some boxes here. One says "Customer
12 support." The other says "Vendor Support." Another says
13 "Resolutions." And then there is "Vendors," "Items" and
14 "Posts" over here.

15 Do you see that?

16 A. Yes.

17 MR. TURNER: OK. Could you go back into the chat,
18 Mr. Evert, and go down a little bit.

19 Q. OK. The next line, it says:

20 Dread: OK. Click on the number next to unread under
21 customer support. Should say no access.

22 MR. TURNER: Could you zoom in, Mr. Evert, in here.

23 Nope. Over here. OK. Go back into the chat. All
24 right.

25 Q. Should say no access.

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Der-Yeghiayan - direct

1 Cirrus: Yes, it does.

2 Could you explain what was going on in the chat during
3 this time?

4 A. So as he instructed me to click on that number, which is
5 the green number, in this case the 107 next to unread, when I
6 clicked on it, I got the result that said that I had no access
7 to that.

8 MR. TURNER: Could you back out, Mr. Evert.

9 Q. Now, the next line of the chat says: Now click vendors,
10 top right. Should say no access.

11 MR. TURNER: Could you zoom into this entire thing
12 over here, Mr. Evert.

13 Q. OK. Yep, same thing.

14 So what happened next?

15 A. Again, I clicked on the number next to "unread," which is
16 the 39 in this case, and it came back also as no access.

17 Q. Then it says -- the next line is:

18 Dread: Now click posts. Should load a page.

19 Cirrus: OK. I see it.

20 So did you click on "posts" over here?

21 A. I clicked on posts.

22 Q. And what came up?

23 A. When I clicked on posts, then it took me to another page
24 that I had never seen before on Silk Road that was -- it was
25 like -- it was a result of messages that were flagged in that

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Der-Yeghiayan - direct

1 new messaging system.

2 Q. Could you take a look at Government Exhibit 127E.

3 A. OK.

4 Q. Do you recognize this document?

5 A. I do.

6 Q. How do you recognize it?

7 A. It is a screenshot that I took on August 19, 2013 of the
8 flagged messages.

9 MR. TURNER: The government offers 127E into evidence,
10 your Honor.

11 THE COURT: There is no objection noted, Mr. Dratel.
12 Do you have an objection?

13 MR. DRATEL: No, your Honor.

14 THE COURT: All right. Received.

15 (Government's Exhibit 127E received in evidence)

16 MR. TURNER: Put it down to the bottom panel,
17 Mr. Evert. Zoom in a little bit. That is good.

18 Q. OK. So what did you see exactly?

19 A. This is the page that I would have seen.

20 Q. Well, let's keep reading, actually.

21 Cirrus: OK, I see it.

22 Dread: These are flagged posts from the new
23 discussion boards. You're going to be our quality control
24 expert on this.

25 Cirrus: OK. Is this connected at all to the other

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Der-Yeghiayan - direct

1 forums?

2 Dread: No, it's all on SR.

3 What was meant by "SR"?

4 A. SR was generally the way we referred to the market. It
5 would just be SR, Silk Road.

6 Q. Cirrus: OK.

7 Dread: You can now click discuss on items, vendors
8 and categories. We're going to be pretty strict about what
9 gets through. So if it's off topic or inflammatory, basically
10 anything that isn't calm, polite, etc., and on topic gets
11 pulled.12 Cirrus: That's easy enough. So a lot more strict
13 than we handle the other -- go to page 2 -- the other forum?

14 Dread: Yes.

15 Cirrus: Who's the people on this?

16 Dread: The forum is the backyard party.

17 Cirrus: Anyone?

18 Dread: This is the storefront.

19 Cirrus: Alright.

20 Dread: Right now as long as you've spent \$100 or more
21 you can post or if you are a vendor.22 Cirrus: I see, so this is the moderator functions for
23 the discussions on the main site?24 Dread: Yep. Flagged posts go here. They are sorted
25 by weight. Weight is the total weight of all the users who

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Der-Yeghiayan - direct

1 flagged it. Count is the number of users who've flagged the
2 post.

3 Cirrus: So basically the discussions have to be
4 related to the products, etc., and is not for random
5 discussions or bitching. I got it

6 Dread: Yes, that's right.

7 What is going on here? What was this is flags page
8 used for?

9 A. This flag page was used to alert basically staff or myself
10 if there is a message on a new post -- a message system that
11 was inappropriate or shouldn't belong on the marketplace.

12 Q. Can you take a look at Government Exhibit 127F.

13 A. OK.

14 Q. Do you recognize this document?

15 A. I do.

16 Q. How do you recognize it?

17 A. It is a screenshot that I took from my account of the Silk
18 Road marketplace of one of the vendors, that new discussion
19 page that would be available, and I took it on August 29, 2013.

20 MR. TURNER: The government offers 127F into evidence.

21 MR. DRATEL: Hearsay, your Honor.

22 THE COURT: That objection is overruled.

23 127F, as in Frank, is received.

24 (Government's Exhibit 127F received in evidence)

25 MR. TURNER: Could you exit out of this? That is

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Der-Yeghiayan - direct

1 fine, and then put that up top. All the way over.

2 Q. All right. So this is this new type of message board that
3 was on the Silk Road marketplace?

4 A. Yes.

5 Q. And it was -- there would be a single board for each vendor
6 on the marketplace?

7 A. Yes. There would be a page like this attached to every
8 vendor.

9 Q. So who is the vendor here?

10 A. The vendor in this case is supertrips.

11 Q. And then people can just post a message on this page?

12 A. Yes. So long as they met the requirements that DPR
13 discussed in that previous chat.

14 Q. If they had spent more than \$100?

15 A. Right, or they are another vendor.

16 Q. Then to the side there is a little flag button?

17 A. That would be where you would report as a user on the site
18 a post such as this, and that would then reflect on that page
19 on this support panel.

20 Q. So if I am a user and I click on "flag," what happens to
21 this support panel that we were looking at earlier?

22 A. Then that message would be reported on the flag message
23 page that we saw earlier.

24 Q. OK. All right. So how long did you continue working as a
25 moderator for the Dread Pirate Roberts?

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Der-Yeghiayan - direct

1 A. From July -- late July 2013 to the time that we shut down
2 the site. So October 1st, basically once we arrested the
3 defendant.

4 Q. When you first started working for DPR in an undercover
5 capacity in July 2013, were you investigating the defendant,
6 Ross Ulbricht, in any way at that time?

7 A. No, I was not.

8 Q. Had you ever heard of the defendant at that point?

9 A. No, I had not.

10 Q. When did the defendant, Ross Ulbricht, first come to your
11 attention?

12 A. It was approximately around September 10th, September 11th,
13 2013.

14 Q. And who brought the defendant to your attention?

15 A. It was Special Agent Gary Alford with the Internal Revenue
16 Service.

17 Q. And does Gary Alford work for any other federal agency?

18 A. He was assigned -- I think he is still aside to the OCDETF
19 Strike Force in New York, Organized Crime Division, I think,
20 Task Force.

21 Q. It is A drug task force?

22 A. Essentially, yes.

23 Q. So without telling me what Agent Alford told you about the
24 defendant, how, if at all, did his information change the focus
25 of your investigation?

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Der-Yeghiayan - direct

1 A. The defendant that they brought out looked like a pretty
2 good match potentially.

3 Q. Who did you begin investigating after you received
4 information from Gary Alford?

5 A. Ross Ulbricht.

6 Q. And at that point in time, September 2013, were you working
7 in partnership with any other law enforcement agency personnel?

8 A. I was.

9 Q. Who were you working with?

10 A. I was working with, in addition to Special Agent Gary
11 Alford, I was working with an FBI separate group in New York.

12 Q. Did the FBI also begin investigating the defendant as a
13 result of Agent Alford's information?

14 A. Yes, they were.

15 Q. At some point did the FBI obtain a warrant for the
16 defendant's arrest?

17 A. Yes, they did.

18 Q. Approximately when was that?

19 A. It was sometime late September 2013.

20 Q. And did you take part in the planning for that arrest?

21 A. Yes, I did.

22 Q. And what was the plan that was developed?

23 A. The plan was to try to get in a position where we could
24 have the defendant in a public setting, in a public place, such
25 as an Internet cafe or somewhere where they would be required

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Der-Yeghiayan - direct

1 to use Internet and that we would be able to initiate a chat
2 with them.

3 Q. Initiate a chat with who?

4 A. With the defendant.

5 Q. OK. In terms of -- let's see. So the plan was to observe
6 Mr. Ulbricht --

7 MR. DRATEL: Objection, your Honor.

8 Q. I just want to be clear. When you are talking about
9 initiating a chat, who were you in a position to initiate a
10 chat with?

11 A. I was going to utilize my access to the staff chat with DPR
12 to start a chat with DPR once -- if we could get Ross Ulbricht
13 into an area where he would be in a public setting.

14 Q. I just want to distinguish throughout this discussion the
15 DPR you are seeing with any surveillance, physical surveillance
16 of the defendant. Can you agree to do that?

17 A. Yes.

18 Q. OK. So what was the point of the plan? What was the
19 purpose of planning the arrest that way?

20 A. The purpose of that was to -- if indeed Ross Ulbricht was
21 Dread Pirate Roberts, if I was to initiate a chat with him
22 while I was in a public setting, that we would try to get his
23 computer in a nonencrypted -- in an open state where we could
24 then observe the same chat on his computer that I would be
25 having with Dread Pirate Roberts.

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Der-Yeghiayan - direct

1 Q. When you say "unencrypted," get the laptop in an
2 unencrypted state, what do you mean?

3 A. What I mean by that is if it's protected by a password, get
4 in a place where he has already logged in with that password so
5 that the computer is open then.

6 Q. When you say "open," what do you mean?

7 A. Open and all of the files are available that are on the
8 computer.

9 Q. What could cause a computer to lock up?

10 A. Just by shutting it down, just by closing -- if it is a
11 laptop, by closing the lid, by -- you could set up other type
12 of triggers that could cause it to then turn on the password.
13 So there could be hot keys you could set up that could turn it
14 on, or you could actually just click shut down on it as well.

15 Q. So where was the defendant living at this time?

16 A. In San Francisco, California.

17 Q. Where did the defendant's arrest take place?

18 A. In San Francisco, California, at the Glen Park library.

19 Q. Glen Park is a suburb or a part of San Francisco?

20 A. I believe so. I'm not sure, though.

21 MR. DRATEL: Objection.

22 MR. TURNER: Withdrawn.

23 Q. On what date, again, did the arrest take place?

24 A. The arrest took place on October 1, 2013.

25 Q. And approximately what time of day did the arrest occur?

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Der-Yeghiayan - direct

1 A. It occurred around like 3 p.m., 3:15-ish.

2 Q. When did you arrive in San Francisco for the arrest?

3 A. I arrived September 30, 2013.

4 Q. The day before?

5 A. The day before.

6 Q. And in October 1st, 2013, where did you go to meet the
7 arrest team?

8 A. That day, around -- probably around noontime Pacific Time I
9 met up with the rest of the arrest team a few blocks away from
10 Mr. Ulbricht's home.

11 Q. Why were you told to -- where did you meet specifically?

12 A. It was the Bello -- it was right outside the Bello Cafe.

13 It was an Internet cafe that was there.

14 Q. Why were you told to go there?

15 A. That's where the team was assembling.

16 Q. Do you know why they were assembled there?

17 A. It was far away enough from the home where we were not --
18 if we were going to be seen in a group together, that might be
19 unusual or to try to -- it might gain his attention. And,
20 also, that area was somewhere where he was observed the day
21 beforehand in a public Internet cafe on his computer.

22 Q. And how many members of the arrest team were there,
23 approximately, do you know, roughly?

24 A. There might have been five or six at the time.

25 Q. Were the people in plainclothes or official law enforcement

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Der-Yeghiayan - direct

1 gear, or what?

2 A. They were -- everyone was in street clothes that day.

3 Q. Did you see everybody there with you, or were they spread
4 out in the area?

5 A. I didn't know everyone that was there that day. They were
6 spread out in different locations. There was people in
7 different cafes up and down the area.

8 Q. Was the plan definitely to arrest him that day, or was
9 there flexibility built into the plan?

10 A. There was flexibility. I mean, there was --

11 Q. What was the contingent on in terms of the decision to
12 arrest him that day?

13 A. Based upon the previous day and seeing him in the cafe, we
14 decided that it would be better to try to see if -- return to
15 that same cafe and use his computer as well so I could initiate
16 the chat on that day. If he hadn't gone anywhere that day,
17 then we would wait until the next day or even the day later.

18 Q. What ability did you have to monitor whether the Dread
19 Pirate Roberts was online at the time you were in this area
20 setting up the arrest?

21 A. I had my laptop computer on me the entire day. Pretty much
22 had it on almost 24 hours at that point, and I was connected to
23 the Internet using a mobile hot spot that was with me. So I
24 had my laptop with me and my Internet connection that I could
25 take with me anywhere.

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Der-Yeghiayan - direct

1 Q. And so how were you monitoring him, DPR?

2 A. Through the staff chat primarily because -- and the forum
3 as well. The forum would show when he was online, and the
4 staff chat would tell me, too, if he was online.

5 Q. Can you take a look at Government Exhibit 128A?

6 A. OK.

7 Q. Do you recognize this document?

8 A. I do.

9 Q. What is it?

10 A. It is an overview of the area where the arrest took place
11 around the Glen Park library.

12 Q. And based on your experience there, can you say whether the
13 map fairly and accurately depicts the area surrounding the
14 place of arrest?

15 A. Yes, it does.

16 MR. TURNER: The government offers Exhibit 128A into
17 evidence.

18 MR. DRATEL: No objection, your Honor.

19 THE COURT: Received.

20 (Government's Exhibit 128A received in evidence)

21 Q. Could you point with your laser pointer? Do you still have
22 it up there?

23 A. Yes.

24 Q. Where did you go to initially set up for the arrest?

25 A. OK. So this is the Cafe Bello, and we were standing

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Der-Yeghiayan - direct

1 primarily most of the time around that corner right there.

2 Q. Which corner?

3 A. I'm sorry. Right on the edge, right there in front of Cafe
4 Bello, which is right next to the Glen Park library.

5 Q. When you say "we," who were you with?

6 A. I was with a computer specialist from FBI Tom Kiernan as
7 well as Special Agent Chris Tarbell of the FBI.

8 Q. And Kiernan, K-i-e-r-n-a-n, is that how you spell that?

9 A. I believe so.

10 Q. So approximately when did you arrive in that area?

11 A. Around like later in the afternoon, so like around 12:40,
12 1 o'clock p.m.

13 Q. What happened next? What happened after you arrived?

14 A. After I arrived, I was instructed to go to the cafe where I
15 was the previous day and to wait there to see if he would show
16 up during the day.

17 Q. And did he?

18 A. No, he did not.

19 Q. And were you monitoring DPR's online activity during this
20 time?

21 A. Yes, I was.

22 Q. What was the status of that?

23 A. He was online at the time. DPR was online on the staff
24 chat, and he remained online through the time that I was in
25 that cafe.

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Der-Yeghiayan - direct

1 Q. OK. So what happened next?

2 A. The cafe closed around 2 p.m. and so I left there. I went
3 back to -- or outside that Cafe Bello, in the same area.

4 Q. Could you just make clear, you went to a different area in
5 that cafe. Approximately where was that?

6 A. It was down the street. It is not on the map. It is a
7 little bit down from that --

8 Q. So you walked back to Cafe Bello and then what happens?

9 A. So I was outside Cafe Bello for a little bit, and my
10 computer was running low on power. So I went inside the Cafe
11 Bello to charge my computer. It was around like 2/2:40 or so,
12 like 2:45 p.m. At that time, or really close to that time, DPR
13 also went offline on the staff chat so he signed off.

14 Q. Did you take a screenshot of that?

15 A. I did.

16 Q. Could you take a look at Government Exhibit 129A.

17 A. OK.

18 Q. Do you recognize that?

19 A. Yes, I do.

20 Q. How do you recognize it?

21 A. It is, again, a capture of my entire computer screen on my
22 computer at that time on October 1, 2013.

23 MR. TURNER: The government offers Exhibit 129A into
24 evidence.

25 MR. DRATEL: Just as I had previously stated, your

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Der-Yeghiayan - direct

1 Honor.

2 THE COURT: All right. The objection is overruled.

3 129A is received.

4 (Government's Exhibit 129A received in evidence)

5 MR. TURNER: Publish the exhibit, please, Mr. Evert.

6 Could you zoom in on this area.

7 Q. OK. Could you explain what is shown in the exhibit?

8 A. So this is again that staff chat on Dread Pirate Roberts' profile, and I took the screenshot right after he signed off 9 from the staff chat, which then it is reflected on there as 10 saying signing off 16 seconds ago.

11 12 Q. So it says 9:47 p.m. What time zone is that in?

13 A. That one is UTC.

14 Q. So I thought before you said that you saw DPR's time zone 15 in Pacific Time?

16 A. I did.

17 Q. When would that happen?

18 A. That was only when he was online and actually active 19 online. When he would go offline, it would revert back to my 20 time zone and into UTC.

21 Q. So how many hours ahead was UTC compared to your local time 22 in San Francisco?

23 A. It was seven hours ahead.

24 Q. So the actual local time was 2:47 p.m.?

25 A. Yes.

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Der-Yeghiayan - direct

1 MR. TURNER: OK. And back out, Mr. Evert.

2 Q. You said your computer was low in power. Is that reflected
3 anywhere?

4 A. On the upper right-hand corner. I was at 18 percent.

5 Q. OK. So you are in the Internet cafe, Cafe Bello, at this
6 point?

7 A. Yes.

8 Q. What happens next?

9 A. I then -- I'm charging my computer. It was hard to find
10 someplace to charge. It was completely full inside the cafe.
11 So I was off on the side and I found an outlet, and I was
12 notified that Ulbricht had left his home and that he was headed
13 in the direction of the cafe. And so I unplugged my computer
14 and went out of the cafe and crossed the street to join up with
15 computer scientist Tom Kiernan.

16 Q. Could you take a look at 128B, please.

17 Do you recognize this exhibit?

18 A. 128B?

19 Q. Yes.

20 A. Yes, I do.

21 Q. How do you recognize it?

22 A. It's a photograph of San Francisco in the area we were at
23 on the street, where the Cafe Bello is at as well as the area
24 where I crossed the street that day.

25 Q. Did you take this photograph?

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Der-Yeghiayan - direct

1 A. No, I did not.

2 Q. Does it fairly and accurately depict the area you were in
3 at the time you were just describing?

4 A. Yes, it does.

5 MR. TURNER: The government moves Exhibit 128B into
6 evidence.

7 MR. DRATEL: No objection.

8 THE COURT: Received.

9 (Government's Exhibit 128B received in evidence)

10 Q. So what are we looking at here?

11 A. On the left-hand side --

12 Q. You can use your laser pointer if it would help.

13 A. Over here is the Cafe Bello. You see the door entrance to
14 it.

15 And as soon as I was notified that Mr. Ulbricht had
16 left his home and was headed in this direction, I exited out of
17 that door, went across the street to a bench similar to that,
18 where Tom Kiernan was at, and I sat down beside him.

19 Q. Do you know who Tom Kiernan is?

20 A. The FBI computer scientist.

21 Q. And what happened next?

22 A. So I sat down on the bench, and I had my computer with me.
23 It was still open. It was still on.

24 At that time DPR was not online when I was sitting
25 there, and I asked Tom if he knows where the person was at,

F1edulb6

Der-Yeghiayan - direct

1 where Ulbricht was at at the time.

2 Q. Without telling me what he said in response, keep going,
3 what did you observe?

4 A. Then so while I was sitting there, I looked to my right,
5 which is at that -- this corner right here, and I then saw
6 Mr. Ulbricht on the corner standing there and facing this
7 direction over on this side, waiting for the light basically to
8 turn so he could cross the street.

9 Q. Did you -- was he alone or with others?

10 A. He was by himself.

11 Q. Was he carrying anything?

12 A. Yes, he was.

13 Q. What was he carrying?

14 A. He had a small shoulder bag.

15 Q. Where did you see him go?

16 A. So the light turned so that he could cross the street. So
17 he crossed the street, and then he proceeded to come up the
18 street and entered the Cafe Bello.

19 Q. What did you observe next?

20 A. It was probably about 30 seconds later Mr. Ulbricht came
21 back out of the Cafe Bello, looked to his right, and then
22 proceeded down the street in that direction.

23 Q. Had you just been in the Cafe Bello?

24 A. I had.

25 Q. Was it crowded?

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Der-Yeghiayan - direct

1 A. It was.

2 Q. All right. So what did you observe next?

3 A. Mr. Ulbricht continued to -- after he turned -- after he
4 exited out of the Cafe Bello, he turned right and then entered
5 into the Glen Park library.

6 Q. Could you take a look at Government Exhibit 128C.

7 A. OK.

8 Q. Do you recognize this photograph?

9 A. I do.

10 Q. How do you recognize it?

11 A. It's a photograph of the Cafe Bello and the Glen Park
12 library in San Francisco.

13 MR. TURNER: Your Honor, we offer 128C into evidence.

14 MR. DRATEL: No objection.

15 THE COURT: Received.

16 (Government's Exhibit 128C received in evidence)

17 Q. So what does this photo depict?

18 A. This would be the entrance of the Cafe Bello, where I
19 observed Mr. Ulbricht exit out and then turn to his right and
20 then enter into this door right here, which is the Glen Park
21 library.

22 MR. TURNER: Your Honor, I probably have an hour of
23 questioning left. I don't know if this might be a good point
24 to stop.

25 THE COURT: Let's go ahead and continue and go until a

F1edulb6

Der-Yeghiayan - direct

1 few minutes before 5, around 5 to 5.

2 Q. So during this time when you observed him walking on the
3 street, go into the cafe, into the library, what was DPR's
4 online status?

5 A. He was still offline on the staff chat and the forum.

6 Q. So what happened after you observed the defendant enter the
7 library?

8 A. And as soon as Mr. Ulbricht entered the library, the
9 computer scientist Tom Kiernan let me in into the library as
10 well. Special Agent Chris Tarbell, who had been walking down
11 the street at the time, after he came and rejoined me by the
12 bench where I was sitting.

13 (Continued on next page)

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F1EGULB7

Der-Yeghiayan - direct

1 BY MR. TURNER:

2 Q. So Tom Kiernan went in -- he followed Mr. Ulbricht into the
3 library?

4 A. He did.

5 Q. What happened after that?

6 A. After that, Special Agent Tarbell was giving out directions
7 to the rest of the arrest team, telling them that.

8 Q. How was he giving directions?

9 A. Through email.

10 Q. Were you on those email chains?

11 A. Yes, I was.

12 Q. Okay.

13 A. The directions included make sure to pull the laptop first,
14 then arrest, and he also said to make sure to give time for the
15 UC, which is the undercover, which would be me, to chat with
16 him once he logs on before anyone initiates arrest on him.

17 Q. Was there -- were there any agents in the library?

18 A. There were other people in there. I wasn't aware of all
19 the people that were in the library.

20 Q. Okay. So what happened after Mr. Ulbricht entered the
21 library and those instructions were given?

22 A. So not too long after, maybe a few minutes later or within
23 a few minutes, Dread Pirate Roberts came online on the staff
24 chat. And as soon as I saw him come online, I then initiated a
25 chat with him, trying to ask him to go into a specific place on

F1EGULB7

Der-Yeghiayan - direct

1 the Silk Road -- into the admin panel to log in to check
2 something.

3 Q. How did you see him come online in the first place?

4 A. It reflected on the staff chat. It showed that he was
5 available. It showed that he was online.

6 Q. Did you take a screen shot of that?

7 A. I did.

8 Q. Can you take a look at Government Exhibit 129B. Do you
9 recognize this exhibit?

10 A. I do.

11 Q. How do you recognize it?

12 A. It was, again, a screen shot of my entire screen at the
13 time when Dread Pirate Roberts came online.

14 MR. TURNER: The government offers 129B into evidence.

15 MR. DRATEL: No objection, your Honor.

16 THE COURT: Received.

17 (Government's Exhibit 129B received in evidence)

18 MR. TURNER: Can you zoom in the same part of the
19 screen as before, Mr. Evert.

20 Q. The computer is up to 22 percent now?

21 A. I got a little bit of juice. It didn't last very long.

22 Yeah.

23 Q. How does this reflect Dread Pirate Roberts coming online?

24 A. On the profile it says the status turned to available and
25 then the timezone turned back towards Pacific time.

F1EGULB7

Der-Yeghiayan - direct

1 Q. Just to make sure so we understand, it says 15:08:41. What
2 does that mean? What sort of time is that?

3 A. It's military time, so it would be the 15th hour of the
4 day, so that would be 3:00 p.m.

5 Q. So it's now 3:08 San Francisco time, correct?

6 A. Yes.

7 Q. So what did you do after you saw Dread Pirate Roberts
8 online?

9 A. I initiated a chat with him.

10 Q. And did you take a screen shot of that chat?

11 A. Yes, I did.

12 Q. Or rather, did you make a log of that chat as we saw
13 before?

14 A. I did.

15 Q. Can you take a look at Government Exhibit 129B.

16 A. "B" as in boy?

17 Q. Yes. 129C. Excuse me.

18 A. Okay.

19 Q. Do you recognize this document?

20 A. Yes, I do.

21 Q. How do you recognize it?

22 A. It's the chat log that I had with Dread Pirate Roberts on
23 October 1, 2013.

24 MR. TURNER: The government offers 129C into evidence,
25 your Honor.

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1 THE COURT: 129C is received. Hearing nothing --

2 MR. DRATEL: I'm sorry. No objection.

3 THE COURT: All right. Thank you.

4 (Government's Exhibit 129C received in evidence)

5 MR. TURNER: Can you zoom in to about here, Mr. Evert.
6 Actually, I'm sorry, go out a little bit. Start here and go
7 all the way down. Great.

8 Q. There's an entry for exchanged status to offline, 9:47 p.m.
9 Changed status to online, 10:08 p.m. Again, what does that
10 reflect?

11 A. As long as I'm still online and as long as my chat box that
12 I have initiated with Dread Pirate Roberts is open, it will log
13 every time he logs off and logs on. So this is reflecting that
14 Dread Pirate Roberts' status had changed to offline at
15 9:47 p.m, which would have been 2:47 Pacific and that he
16 changed back to online at 10:08 which would have been 3:08 p.m.

17 Q. And then about 30 seconds later you, you write hi?

18 A. Yes.

19 Q. And about a minute later, you write are you there?

20 A. I didn't get a response for about a minute, so I asked if
21 he was there.

22 Q. And then about 30 seconds later, there's a response:

23 dread: hey

24 cirrus: How are you doing?

25 dread: im ok, you?

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1 cirrus: Good, can you check out one of the flagged
2 messages for me?

3 dread: sure

4 dread: let me log in

5 cirrus: ok

6 dread: you did bitcoin exchange before you started
7 working for me, right?

8 cirrus: yes.. but just for a little bit

9 dread: not any more then?

10 cirrus: no, I stopped because of the reporting
11 requirements

12 dread: damn regulators, eh?

13 dread: ok, which post?

14 cirrus: lol yep

15 cirrus: there was the one with the Atlantis

16 So how long had you been chatting by this point by the
17 time you reached the last line there?

18 A. It was about four minutes.

19 Q. And what did you mean when you say can you check one of the
20 flagged messages for me?

21 A. What I was asking him to do was to log in to that support
22 panel and that flagged message section where he gave me the
23 access rights to administer on the marketplace.

24 And what that would cause him to do is to force him to
25 log in under another administrator account, which presumably

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1 would be his Dread Pirate Roberts account and would force him
2 then to access that page; so basically trying to get him online
3 as Dread Pirate Roberts in the marketplace as well as chatting.

4 Q. When you told him to go to that flagged messages screen,
5 did you yourself have that screen full pulled up on your
6 computer at the time?

7 A. Yes, I did.

8 MR. TURNER: Can you go back to 129C, please, or 129B.

9 Q. Can you point the jury to where that flagged messages page
10 was on your screen.

11 A. Sorry. I have a lot of things going on at the same time.

12 So there is in the background here, you see the outer
13 edge of the market place and that flag message page up.

14 Q. Did you also take a screen shot of that window in and of
15 itself?

16 A. I did.

17 Q. So would you take a look at what's been marked as
18 Government exhibit 129D.

19 A. Okay.

20 Q. Do you recognize that document?

21 A. I do.

22 Q. How do you recognize it?

23 A. It is a screen shot that I took later on that evening of
24 that flagged message page.

25 MR. TURNER: The government offers Exhibit 129D into

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1 evidence.

2 MR. DRATEL: No objection, your Honor.

3 THE COURT: All right 129D is received.

4 (Government's Exhibit 129D received in evidence)

5 Q. You said the end of your chat -- actually, can you pull it
6 back up, Mr. Evert, to the top of the screen, 129C, the chat
7 right around the bottom there.

8 You mentioned at the end there was the one with the
9 Atlantis. What were you referring to?

10 A. There's another marketplace which I'm referring to as
11 Atlantis that there was a lot of, we call it, spam
12 advertisements that were affecting our marketplace or the Silk
13 Road marketplace, and that was something that was
14 constantly -- something of attention, something that we
15 discussed. So there was a flagged message that was on there
16 from Atlantis advertisement.

17 Q. Okay. So what happened towards the end of this chat?

18 A. They -- so as I'm asking to go in, he asked me about
19 the -- about whether or not I did the bitcoin exchange before.
20 And I was waiting for basically a sign that he was logged in at
21 the time of the market. And as soon as he said "okay, which
22 post," then I knew that he was -- he was on that page, that he
23 was viewing it. So I knew that he was logged into that flag
24 message page, which then I gave a signal to Special Agent Chris
25 Tarbell that they should effect the arrest, and I continued

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1 typing after that.

2 Q. So what happened after that?

3 A. As soon as I got done with that last message Agent Tarbell
4 and myself got up and walked to -- walked over to the library.
5 I didn't close my laptop or didn't shut it down, I left it
6 online --

7 Q. Let me back you up. You said you gave a signal to Agent
8 Tarbell around this point. Do you know what Agent Tarbell did
9 in response?

10 A. Agent Tarbell gave a signal to the team through email to go
11 do the rest.

12 MR. DRATEL: Objection.

13 THE COURT: Let me think for one second. How do you
14 know that?

15 THE WITNESS: I was on the email chain.

16 THE COURT: I'll allow it.

17 Q. And at what point in the chat was that, just to be clear?

18 A. That was right at when the last thing that Dread said, so
19 around 10:14, which would have been around, like, the
20 3:14 mark.

21 Q. So 3:14:19, Dread says "okay, which post," after that, you
22 give the signal, after that, Agent Tarbell gives the signal to
23 effectuate the arrest?

24 A. Correct.

25 Q. Was it your understanding there were agents inside the

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1 library at that point?

2 A. Yes.

3 Q. So how much longer were you online available to receive
4 chat messages from Dread Pirate Roberts?

5 A. I kept the computer online. I walked into the library --

6 Q. How far was the library from where you were?

7 A. Maybe 50 feet, and so I entered the library with Agent
8 Tarbell and we went up the first flight of stairs, we didn't
9 fully enter into the library, we stayed sort of -- it's an
10 upstairs --

11 Q. What do you mean it's an upstairs library?

12 A. The library is located upstairs in the building. So we
13 went up half the flight of stairs and waited there and they
14 brought Mr. Ulbricht -- the agents that arrested him to us at
15 the stairs. At that point in time, I shut my computer and put
16 it in my book bag and that was reflected on there at 10:16 p.m.
17 so it would have been 3:16.

18 Q. Would you like me to keep going, your Honor.

19 THE COURT: We can end for the afternoon now.

20 Ladies and gentlemen, we're going to end for today.
21 We're going to pick up tomorrow morning and, again, we'll start
22 at 9:30 and if you all can be on time, that would be really
23 helpful.

24 If you have any transit issues, let Joe know. You've
25 got his numbers already so that we know where to -- know where

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1 you are and how long you're going to be. But if at all
2 possible, please try to get here since we'll all be waiting.

3 I want to remind you not to talk to anybody about this
4 case, including each other or anybody in your life to avoid any
5 news articles either on the Internet or in print or anything
6 that might be on the TV. If you happen to be watching the TV
7 and something comes on, I instruct you that you may not listen
8 to it or watch it. You must turn it off.

9 You can turn it back on as soon as it's over. And
10 after all of this is over, after the whole trial is over,
11 you'll be able to go back at that point later on and look back
12 over things, but right now, I need you not to look at anything
13 at all, all right?

14 We'll see you tomorrow morning. Thank you very much.

15 (Jury excused)

16 (Continued on next page)

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1 (Jury not present)

2 THE COURT: Let's all be seated.

3 I wanted to state for the record some of the further
4 rulings. There had been some conversations with inigo that
5 were talked about relating to the type of support that had been
6 provided. To the extent that the type of support is offered in
7 any way for the truth in terms as opposed to the fact of
8 providing support, which is the far more likely use those would
9 be the conversations and communications of a coconspirator as
10 we have previously discussed.

11 In terms of GX 127, that is either not for the truth
12 or it would be under the hearsay exception of coconspirator
13 statements of the staff chat. That's really not particularly
14 for the truth.

15 127A is 801, Rule 801. 127B is not for the truth.
16 127C is not for the truth. 127D is not for the truth. 129A,
17 there was a *Vayner* objection only. That was a screen shot. It
18 was appropriately authenticated. And 127 is not for the truth.

19 Does anybody want to comment? Those were the bases
20 for my rulings. So the hearsay objections, which you made two
21 types of objections, hearsay and *Vayner*: *Vayner* I have dealt
22 with before. Hearsay, if it's not for the truth of the
23 statement asserted, then it's not hearsay, so that doesn't
24 apply.

25 MR. DRATEL: Also 117, the 117A and B this morning,

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1 and you asked if we wanted additional ones under the rubric of
2 "not for the truth." I think they would qualify as well.

3 THE COURT: Let me take a look for a moment. Right.
4 117A is not for the truth and 117B, which is the amount, the
5 alleged -- or the cost of a certain number of pills is not for
6 the truth.

7 MR. DRATEL: I think you already told the jury about
8 118.

9 May I ask, let me consider this overnight whether to
10 ask the Court to instruct the jury as to the specific exhibits
11 that you have just listed for this afternoon as to whether we
12 want the instruction on that or to leave that for another time.

13 THE COURT: All right. I'll wait for your application
14 and then depending on what it is, I'll obviously consider it.

15 Is there anything that you folks wanted to put on the
16 record at this point in time? And why doesn't the government
17 give us a sense as to what is coming up.

18 I heard you say, Mr. Turner, you have an hour left.
19 And how long, Mr. Dratel, do you think you'll have with this
20 witness? Is it about an hour still or less than that?

21 MR. TURNER: An hour or less, I'd say.

22 THE COURT: Forty-five minutes to an hour, something
23 like that.

24 MR. TURNER: That's probably right.

25 THE COURT: Mr. Dratel, based upon that?

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1 MR. DRATEL: I could take him the whole day tomorrow,
2 the whole rest of the day. I can't say for sure because
3 cross-examination being what it is, but it's conceivable that
4 it could go the rest of the day.

5 THE COURT: Fine. In terms of the next witness, what
6 we'll do is at a break tomorrow afternoon or some point, we'll
7 get a sense of how much more time you have left so that the
8 government can bring over whomever is next, because I'll want
9 to continue on with the next person right away.

10 MR. DRATEL: I will do two things: When I come in
11 tomorrow, after I have gone over everything again and see where
12 I want to go, I'll give them a better sense and the Court a
13 better sense, but also, by lunchtime I'll know. And then if
14 you put in redirect and recross that's not extensive, we'll
15 have a better sense.

16 THE COURT: You folks can confer and make sure we get
17 people lined up.

18 Is the next person going to be the person who was
19 second on the government's witness list?

20 MR. TURNER: If your Honor has the most recent one, it
21 should be Tom Kiernan, Thomas Kiernan.

22 THE COURT: That is the next name I have, so it would
23 be Mr. Kiernan?

24 MR. TURNER: Correct.

25 THE COURT: Who would be next? And he is anticipated

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1 to be slightly shorter than this witness?

2 MR. TURNER: Correct.

3 THE COURT: We'll proceed as we have all discussed for
4 tomorrow. Is there anything else we should go over right now?

5 MR. TURNER: Not from the government.

6 MR. DRATEL: There is one thing I wanted to clarify
7 with respect to our objection on the business records issue,
8 it's not only about contemporaneous knowledge or
9 contemporaneous verification, but also the reliability of the
10 record itself. So we would say in this context in an Internet
11 context particularly when you have a witness who was
12 masquerading at the time that the reliability of communications
13 can't be validated in a way that is necessary for a business
14 record.

15 THE COURT: I think part of the issue is simply
16 whether or not -- well, Mr. Turner, why don't you respond.

17 MR. TURNER: I think you're mixing apples and oranges
18 here. In terms of the reliability of the software, the agent
19 testified that he spent thousands of hours on the system, knew
20 how it worked and knew that when people would post, the time of
21 the posts would show up, where the timestamp is and the name of
22 the poster would show up where the username is, etc.

23 There's no reason to believe that the system was
24 somehow unreliable in that regard. The fact that he's an
25 undercover, quote, masquerading as another user has nothing to

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1 do with the technical reliability of the software and what it
2 displays.

3 THE COURT: Go ahead, Mr. Dratel.

4 MR. DRATEL: One is, is that doesn't verify the
5 substance of the communications made in those exhibits. Also,
6 he's not a business records person for the software.

7 THE COURT: Let's put it this way: He's an individual
8 who participated directly in both reviewing the communications
9 for accounts he had taken over of administrators and also
10 creating communications himself. There's no indication in the
11 record currently, there's no factual indication of
12 unreliability that things were not recorded and retained in the
13 manner in which they appear to be.

14 If such information develops, we'll take that up at
15 the right time there's no indication right now that the posts
16 weren't appropriately recorded, appropriate being simply that
17 the key strokes resulted in the letters on the page indicating
18 what those words were in the English language.

19 MR. TURNER: To add one more factor to the record: He
20 was a moderator of the forum so he was responsible for keeping
21 it organized and have the ability to do searches and that sort
22 of thing that ordinary users couldn't do so he was in some way
23 a caretaker of the forum and many ways like a custodian of
24 record.

25 THE COURT: All right.

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1 MR. DRATEL: I was more concerned, I believe, when I
2 was objecting about messages that occurred before he even got
3 to that stage that he was validating that he had not been part
4 of that he was just looking at retrospectively; but also that
5 it's not for the truth because the business record aspect, it
6 has to be reliable, the information in there. So the fact that
7 it's reliable that that's what appeared on the screen doesn't
8 mean the substance of the communications were reliable.

9 THE COURT: I hear your point. The witness indicated
10 that based upon his testimony, which you'll take up at
11 cross-examination, is that when he took over an account, the
12 account would have resident on it, if you will, whatever
13 historical information continued to exist on it. Some of
14 it -- there may be certain things that were gone or not gone.

15 But I think we hear each other's positions. You've
16 got my ruling on this. At this point in time, I don't have any
17 basis to believe that the information that was recorded were
18 not statements made as they appear to be indicated. They
19 appear to be accurate reflections of words that were put on the
20 page.

21 MR. TURNER: Not to belabor the point, but for the
22 record, our position is that virtually all of these
23 communications are not offered for the truth, things like chat
24 instructions, these were not offered for the truth value; it's
25 just to document the role of DPR on the site as the boss of

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1 these employees. That's all.

2 THE COURT: I understand that. And I think I tried to
3 indicate when certain things were not for the truth, but there
4 are certain statements which certainly overlap with assertions
5 that the government is attempting to prove. So whether or not
6 you're going to turn back to some of those statements, for
7 instance, involvement in transactions, that will be something
8 that, if you do, I'll have made an appropriate ruling one way
9 or the other.

10 Let's all take our break. We'll pick up tomorrow
11 morning at 9:00 a.m.

12 THE DEPUTY CLERK: All rise.

13 (Adjourned to January 15, 2015 at 9:00 a.m.)

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